AMERICAN COPPER DEVELOPMENT CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023
(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

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

The condensed interim consolidated financial statements of the Company for the quarter ended June 30, 2023, have been prepared by and are the responsibility of the Company's management.

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	June 30, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ 3,209,242	$ 7,248,150
Prepaids and exploration advance (Note 4)	335,805	378,060
GST receivable	20,889	41,787
	3,565,936	7,667,997
Reclamation bond (Note 5)	103,949	-
Exploration and evaluation assets (Note 3)	14,698,912	9,072,851
	$ 18,368,797	$ 16,740,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 922,207	$ 575,914
	922,207	575,914
Shareholders' equity		
Share capital (Note 8)	19,341,550	17,320,300
Contributed surplus (Note 8)	701,584	701,584
Deficit	(2,596,544)	(1,856,950)
	17,446,590	16,164,934
	$ 18,368,797	$ 16,740,848

Nature and Continuance of Operations (Note 1)
Subsequent events (Note 12)

On behalf of the Board:

"Daniel Schieber" Director *"Stuart Ross"* Director

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
EXPENSES				
Consulting fees	$ 134,371	$ 10,025	$ 273,995	$ 19,025
Foreign exchange	98,446	2,475	114,154	2,475
Investor relations	120,270	28,765	252,370	35,030
Office	35,072	1,295	47,417	1,633
Professional fees	60,745	86,370	83,570	114,612
Property investigation	-	343,184	-	428,594
Rent	6,000	9,676	17,375	14,663
Regulatory and transfer agent	12,869	13,238	37,628	16,078
	(467,773)	(495,028)	(826,509)	(632,110)
Interest income	36,812	-	86,915	-
Loss and comprehensive loss for the period	(430,961)	(495,028	(739,594)	(632,110)
Loss per common share				
-Basic and diluted	$ (0.00)	$ (0.03)	$ (0.01)	$ (0.04)
Weighted average number of common shares outstanding				
-Basic and diluted	90,465,453	14,575,000	86,452,901	14,529,696

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

AMERICAN COPPER DEVELOPMENT CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (739,594)	$ (632,110)
Items not involving cash:		
Deferred transaction costs	-	(351,431)
Changes in non-cash working capital items:		
(Increase) Decrease in accounts receivable	20,898	(2,990)
(Increase) Decrease in prepaids	42,255	(1,499)
Increase (Decrease) in accounts payable and accrued liabilities	17,587	429,693
Net cash used in operating activities	(658,854)	(558,337)
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration and evaluation assets	(3,276,105)	(30,784)
Reclamation bond	(103,949)	-
Net cash used in investing activity	(3,380,054)	(30,784)
CASH FLOWS FROM FINANCING ACTIVITIES		
Obligation to issue shares	-	7,813,960
Net cash provided by financing activity	-	7,813,960
Net change in cash during the period	(4,038,908)	7,224,839
Cash, beginning of the period	7,248,150	194,657
Cash, end of the period	$ 3,209,242	$ 7,419,496

Supplemental disclosure with respect to cash flows (Note 9)

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

AMERICAN COPPER DEVELOPMENT CORPORATION

CONDENSED INTERIM CONSOLIDATION STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Share Capital										
	Number of shares		Amount		Contributed Surplus		Obligation to issue shares		Deficit		Total
Balance, December 31, 2021	14,375,000	$	474,306	$	80,331	$	-	$	(168,511)	$	386,126
Obligation to issue shares	-		-		-		7,813,960		-		7,813,960
Property acquisition (Note 3)	200,000		60,000		-				-		60,000
Loss for the period	-		-		-		-		(632,111)		(632,111)
Balance, June 30, 2022	14,575,000	$	534,306	$	80,331	$	7,813,960	$	(800,622)	$	7,627,975
Shares issued for cash (Note 8(2))	40,015,840		10,003,960		-		-		-		10,003,960
Share issue costs	-		(189,269)		-		-		-		(189,269)
Agent warrants	-		(2,845)		2,845				-		-
Obligation to issue shares	-		-		-		(7,816,960)		-		-
Property acquisition (Note 3)	26,376,591		6,604,148		-		-		-		6,604,148
Property acquisition costs (Note 3)	1,520,000		370,000		-		-		-		370,000
Share-based compensation	-		-		618,408		-		-		618,408
Loss for the period	-		-		-		-		(1,056,328)		(1,551,358)
Balance, December 31, 2022	82,487,431	$	17,320,300	$	701,584	$	-	$	(1,856,950)	$	16,164,934
Property acquisition costs (Note 3)	8,250,000		2,021,250		-		-		-		2,021,250
Loss for the period	-		-		-		-		(739,594)		(739,594)
Balance, June 30, 2023	90,737,431	$	19,341,550	$	701,584	$	-	$	(2,596,544)	$	17,446,590

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

1. NATURE AND CONTINUANCE OF OPERATIONS

American Copper Development Corporation (the “Company”) was incorporated on February 5, 2020, under the laws of British Columbia. The Company’s head office is located at 710 – 1030 West Georgia Street, Vancouver, BC, and its registered and records office is located at 2600 – 1066 West Hastings Street, Vancouver, B.C. To date, the Company has not earned operating revenue. The Company trades on the Canadian Securities Exchange (“CSE”) under the trading symbol ACDX and the OTCQB under the symbol ACDXF.

The Company is in the process of acquiring and exploring exploration and evaluation assets and has not yet determined whether such properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements are presented on a going concern basis, when contemplate the Company’s continuing capacity to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2023, the Company has generated negative cash flows from its operating activities and has an accumulated deficit of $2,596,544. The Company expects to incur further losses in the development of its operations. The Company's ability to continue its operations and to realize its assets at their carrying values will likely be dependent upon it obtaining additional equity financing on terms which are acceptable to it or generating sufficient revenues to cover its operating costs. These factors are indicative of the existence of material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. Those differences would likely be material.

The economic uncertainties around persistent inflation pressure, geopolitical events and the lingering COVID-19 pandemic have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company’s results and financial condition and the full extent of that impact remains unknown.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance and basis of presentation

The Board of Directors of the Company approved the condensed interim consolidated financial statements on August 23, 2023.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the three-month period ended June 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as held-for-trading, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting. These condensed interim consolidated financial statements are prepared in Canadian dollars.

These consolidated financial statements of the Company include the balances of its subsidiary, American Copper NMX, Inc. which is a 100% wholly owned subsidiaries.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

Material accounting judgements, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management judgements, estimates and assumptions include:

- The assessment of whether certain factors (both internal and external) would be considered an indicator of impairment and whether impairment testing is required on the exploration and evaluation assets.
- The determination that the Company will continue as a going concern for the next year.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	Chuchi ($)	Lordsburg ($)	Total ($)
Acquisition costs			
Balance, December 31, 2021	42,760	-	42,760
Cash	30,000	500,000	530,000
Common shares	60,000	6,544,148	6,604,148
Claim maintenance	-	257,438	257,438
Advanced royalties	-	33,860	33,860
Transaction costs	-	700,426	700,426
	90,000	8,035,872	8,125,872
Balance, December 31, 2022	132,760	8,035,872	8,168,632
Claim maintenance	-	39,502	39,502
Common shares	2,021,250	-	2,021,250
Staking fees	-	74,605	74,605
Transaction costs	40,378	-	40,378
	2,061,628	114,107	2,175,735
Balance, June 30, 2023	**2,194,388**	**8,149,979**	**10,344,367**
Deferred exploration costs			
Balance, December 31, 2021	144,953	-	144,953
Consulting	9,770	-	9,770
Field	21,977	56,965	78,942
Geochemistry	12,803	-	12,803
Geological	49,945	50,895	100,840
Geophysical	-	578,927	578,927
BC METC refund	(22,016)	-	(22,016)
	72,479	686,787	759,266
Balance, December 31, 2022	**217,432**	**686,787**	**904,219**
Consulting	-	812	812
Drilling	-	2,605,735	2,605,735
Field	8,220	132,027	140,247
Geochemistry	-	144,549	144,549
Geological	-	433,348	433,348
Geophysical	-	125,634	125,634
	8,220	3,442,105	3,450,326
Balance, June 30, 2023	**225,652**	**4,128,893**	**4,354,545**
Total exploration and evaluation assets:			
December 31, 2022	**350,192**	**8,722,659**	**9,072,851**
June 30, 2023	**2,420,040**	**12,278,872**	**14,698,912**

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

Lordsburg Property

On August 9, 2022, the Company completed an asset purchase agreement (the "Transaction") to acquire certain mineral property interests located in the State of New Mexico (the "Lordsburg Property") from Pyramid Peak Mining, LLC ("PPM"), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP, and Mason Resources (US) Inc. ("Mason") for the following consideration:

i. issuance to Mason 9,896,591 common shares of the Company (valued at $2,474,148) and the granting of a 0.5% net smelter return ("NSR") royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to a pre-existing NSR of 2%) and a 1.5% NSR royalty on all minerals produced from the lands purchased from Mason.; and

ii. issuance to PPM or its designee 16,280,000 common shares (valued at $4,070,000), a cash payment of $500,000, the granting of a 0.5% NSR royalty on all minerals produced from the lands purchased from Mason and the granting of a 1.5% NSR royalty on all minerals produced from the lands purchased from PPM (except for certain excluded claims subject to pre-existing NSR's between 2% and 5% and a production lease payment of $0.50 for each ton of rock or gravel or a 0.5 NSR.). The Company also entered into a milestone payment rights agreement with PPM (the "Milestone Agreement") whereby the Company will pay PPM the transferable right to receive cash (or subject to the terms of the original Milestone Agreement, common shares). That original Milestone Agreement was amended August 5, 2023 and altered the original payment schedule to the following payment schedule: (i) a payment of $10,000, (the" Waiver Payment") which the Company is obligated to make until the earlier of the Company completing an equity financing of a minimum of $2,000,000, such that the Company is able to and does pay the First Milestone Payment of $1,000,000 or nine consecutive months from August 5, 2023 to April 5, 2024 (the "Deadline"), the waiver payments will not reduce the First Milestone Payment due on the Deadline of April 5, 2024, (ii) $1,500,000 on August 5, 2024 and (iii) $2,500,00 on August 5, 2025.

The Company also assumed all obligations under The Soloro Option Agreement dated October 7, 2020, between Soloro Cobalt and Gold Corporation and PPM to acquire a 100% undivided interest in the Soloro claims located in the State of New Mexico. To exercise the option the Company must pay US$165,000 in advanced Royalties over a five-year period (US$15,000 paid by PPM and US$25,000 paid by the Company). The option period can be extended for an additional five years and an additional US$500,000 in advanced royalties must be paid over five years. The Company will also be responsible for all claim maintenance fees, incur US$250,000 in property exploration expenditures by April 30, 2023, and US$1,750,000 by October 7, 2025, and if the option period is extended the property exploration expenditures must be made by October 7, 2029.

In connection with the Lordsburg Property acquisition, the Company incurred $270,426 of costs to complete the property acquisition, consisting of legal fees and a technical report, and paid a finder's fee on the property by issuing 1,720,000 common shares valued at $430,000, all of which are recorded within exploration and evaluation assets as transaction costs.

Comstock Project

Pursuant to a mining lease with option to purchase agreement dated December 1, 2022, the Company was granted a mining lease on the Comstock Project, located in the state of New Mexico. The mining lease has a five-year exploration period and a further five-year development period. To maintain the mining lease the Company will be responsible for property exploration expenditures, which will be at the discretion of the Company, pay US$40,000 in Lease Payments over a five-year period (US$10,000 paid) and pay US$110,000 in Advanced Royalties over a five-year period once the Company elects to enter the development period.

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

Pursuant to the mining lease the optionor will receive a 4.0% NSR royalty and the Company will have the right, prior to commercial production, at any time to purchase 2.0% of the NSR for an aggregate of US$1,000,000. To exercise the option the Company must pay US$3,000,000 in cash or cash equivalent as mutually agreed upon less any advanced royalties or NSR payment.

Chuchi Project

The principal properties comprising the Chuchi Project are Chuchi South and Chuchi West properties and are summarized below.

Chuchi South Property

Pursuant to an option agreement dated February 10, 2020, the Company was granted an option to acquire a 100% undivided intertest in the Chuchi South Project, located in the Omineca Mining Division, British Columbia. To exercise the option the Company initially had to pay $510,000 in cash ($60,000 paid), incur $350,000 in exploration expenditures ($220,730 incurred to February 13, 2023), reimburse the optionor for $20,000 in previous property expenditures (paid) and issue 1,500,000 of its common shares over a 5-year period (500,000 issued).

The Company amended and restated its agreement with the optioner, whereby the Company and Pacific Ridge Exploration ('PEX') may now jointly acquire a 100% undivided interest in the Chuchi South property. The Company will obtain a 49% interest by issuing additional 1,000,000 common shares (250,000 issued) in stages, and paying an additional $150,000 in cash, on or before December 31, 2027.

Under this amended agreement, PEX will acquire a 51% interest in the property by paying the optioner $100,000 in cash (including $50,000 paid on signing) and agreeing to incur approximately $3.97 million in exploration expenditures on the property, in stages prior to December 31, 2027.

Pursuant to the amended agreement the optionor will receive a 2.0% NSR royalty and the PEX and the Company will have the right at any time to purchase the NSR for an aggregate of $1,500,000.

On February 13, 2028, and each subsequent anniversary of that date until commercial production begins, the Company and PEX will pay the optionor an advance royalty payment of $25,000, where the cumulative advance royalty payments paid will be credited towards any future NSR payments due.

The Company and PEX will pay to the optionor $1,500,000 upon completion of a feasibility study resulting in a positive decision to commence commercial production on the property.

Chuchi West Property

Pursuant to a purchase agreement dated March 3, 2023, the Company acquired a 100% undivided interest in the Chuchi West property, located contiguous to the Company's pre-existing Chuchi South property. As consideration, the Company issued 8,000,000 common shares to a third-party vendor.

The Company has granted PEX the option to also acquire a 51% interest in the Chuchi West Property if it satisfies the requirements in the amended agreement in respect to the Chuchi South property, as described at Note 3. In addition, PEX has the option to increase its interest in both the Chuchi West and Chuchi South properties (collectively, 'the Properties') to 75% by paying the Company cash of $150,000, incurring $4,000,000 in exploration expenditures on the Properties and issuing to the Company $250,000 worth of PEX common shares as follows:

(Expressed in Canadian Dollars)

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

i. No later than January 30, 2028, issue $250,000 worth of PEX common shares to the Company. The number of common shares will be calculated using the volume weighted average price of PEX common shares on the TSX Venture Exchange for the most recent 20 trading days prior to date of issuance.
ii. On of before December 31, 2028, incurring additional exploration expenditures of not less than $2,000,000 and paying the Company $75,000.
iii. On or before December 31, 2029, incurring additional exploration expenditures of not less than $2,000,000 and paying the Company $75,000.

The optioner of the Chuchi South property will also receive a 2.0% NSR royalty on the Chuchi West property and the Company and PEX will have the right at any time to purchase that NSR for an aggregate of $1,500,000.

4. PREPAIDS AND EXPLORATION ADVANCE

The Company's prepaid expenses and exploration advances consists of the following:

		June 30, 2023		**December 31, 2022**
Prepaid expenses	$	4,805	$	39,460
Exploration advances		331,000		338,600
Total	$	335,805	$	378,060

5. RECLAMATION BOND

The Company has a refundable reclamation bond related to its Lordsburg property in the state of New Mexico, USA for US$78,511 ($103,949) (2022 - $Nil).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2023		**December 31, 2022**
Trade payables	$	383,386	$	481,681
Accrued liabilities		538,821		94,233
	$	922,207	$	575,914

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the period ended June 30, were:

		2023		2022
Short-term benefits paid or accrued:				
Consulting fees	$	161,495	$	-
Total remuneration	$	161,495	$	-

Included in accounts payable and accrued liabilities as at June 30, 2023 was $12,715 (December 31, 2023 – $9,778) owed to an officer of the Company.

8. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

During the period ended June 30, 2023, the Company had the following share capital transactions:

(1) The Company issued 8,250,000 common shares for the acquisition of exploration and evaluation assets at a fair value of $2,021,250 (Note 3).

During the year ended December 31, 2022, the Company had the following share capital transactions:

(1) On February 10, 2022, the Company issued 200,000 common shares at a price of $0.30 per common share in connection with its option on the Chuchi South Project.

(2) On August 5, 2022, the Company completed its private placement offering of 40,015,840 subscription receipts (the “Subscription Receipts”) at a price of $0.25 per Subscription Receipt for gross proceeds of $10,003,960. Contemporaneous with the closing of the Transaction and upon satisfaction of certain escrow release conditions, the Subscription Receipts automatically converted into 40,015,840 Common Shares in accordance with their terms. The Company paid a cash finder’s fee of $11,750 and issued 35,000 agent warrants valued at $2,845. Each agent warrant is exercisable to acquire one common share at $0.25 until February 9, 2024. Additional share issue costs of $177,518 were incurred in connection with the financing and was recorded as an offset to share capital, as share issue costs.

(3) On August 5, 2022, the Company issued in segregate of 27,896,591 common shares, as described at Note 3, in connection with the transaction.

Escrow Shares

At June 30, 2023, there were 900,000 (December 31, 2022 – 1,200,000) shares held in escrow with the Company’s registrar and transfer agent. The common shares are subject to timed releases as follows:

- 10% released upon the date of listing on the CSE (listed on July 21, 2021)
- 15% released every six months thereafter until all escrow shares have been released (thirty-six months following the date of listing on the CSE).

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company’s issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years.

As at June 30, 2023, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Number of Shares	Exercise Price	Expiry Date	Exercisable	Weighted Average Life Remaining
900,000	$0.10	January 18, 2026	900,000	2.56
4,200,000	$0.25	September 9, 2027	4,200,000	4.20
25,000	$0.26	December 7, 2027	25,000	4.44
5,125,000			5,125,000	3.91

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2021	1,000,000	$ 0.10
Expired	(100,000)	(0.10)
Granted	4,225,000	0.25
As at June 30, 2023 and December 31, 2022	5,125,000	$ 0.22

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options modified and granted during the period ended as follows:

	June 30, 2023	December 31, 2021
Risk-free interest rate	-	3.31%
Expected life of options	-	5.00
Annualized volatility	-	67%
Dividend rate	-	0%

Warrants

The following common shares purchase warrants entitle the holder thereof to purchase one common share for each warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2021	350,000	$ 0.10
Granted	35,000	0.25
As at June 30, 2023 and December 31, 2022	385,000	$ 0.11

The weighted average remaining contractual life of warrants outstanding as at March 31, 2023 was 0.11 (December 31, 2022 – 0.60) years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants outstanding are as follows:

Number of Shares	Exercise Price		Expiry Date
350,000(*)	$	0.10	July 26, 2023
35,000	$	0.25	December 22, 2023
385,000			

(*) warrants exercised (Note 12)

The weighted average Black-Scholes inputs are as follows:

	June 30, 2023	December 31, 2022
Expected life of warrants	-	1.5
Annualized volatility	-	68%
Dividend rate	-	-
Discount rate	-	0.32%

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended June 30, 2023;

- accrued $764,820 of exploration and evaluation assets in accounts payable and accrued liabilities.
- issued 8,250,000 common shares for the acquisition of exploration and evaluation assets as a fair value of $2,021,250.

Significant non-cash transactions during the period ended June 30, 2022;

- deferred transaction costs of $351,431.

10. 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.

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

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

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

Liquidity risk

As of June 30, 2023, the Company had cash balance of $3,209,242 to settle current liabilities of $922,207. The Company is exposed to liquidity risk.

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.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets, liabilities and expenditures that are denominated in USD.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

11. CAPITAL MANAGEMENT

The Company defines the capital that it manages as the aggregate of share capital, contributed surplus and deficit.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company relies on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is enough economic potential and if it has adequate financial resources to do so. 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 is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

12. SUBSEQUENT EVENTS

The Company issued 350,000 common shares on the exercise of warrants for proceeds of $35,000.