GANDER GOLD

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Gander Gold Corporation

Opinion

We have audited the accompanying financial statements of Gander Gold Corporation (the "Company"), which comprise the statements of financial position as at June 30, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that during the year ended June 30, 2023, the Company had no source of revenue and as at June 30, 2023, a deficit of $2,698,968. As stated in Note 1, these events and conditions 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

As described in Note 4 to the financial statements, the carrying amount of the Company's E&E Assets was $10,602,795 as of June 30, 2023. As more fully described in Notes 2 and 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

October 30, 2023

Gander Gold Corporation

Statements of Financial Position
(Expressed in Canadian Dollars)
As at

	June 30, 2023 ($)	June 30, 2022 ($)
ASSETS		
Current assets		
Cash	573,443	702,743
Prepaids	143,717	23,750
Sales tax receivable	79,143	252,761
	796,303	979,254
Deposit (Note 4)	28,950	28,950
Exploration advance (Note 4)	500,000	355,000
Exploration and evaluation assets (Note 4)	10,602,795	8,568,937
	11,928,048	9,932,141
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 6)	497,123	1,169,729
Other liabilities (Note 7)	100,918	-
	598,041	1,169,729
Shareholders' equity		
Share capital (Note 7)	12,867,492	9,365,359
Reserves (Note 7)	1,161,483	638,149
Deficit	(2,698,968)	(1,241,096)
	11,330,007	8,762,412
	11,928,048	9,932,141

Nature of Operations and Going Concern (Note 1)
Commitments (Note 11)
Subsequent Events (Note 13)

On behalf of the Board:

"Ken Booth"
Director

"Richard Savage"
Director

See accompanying notes to the financial statements

Gander Gold Corporation

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Year Ended June 30, 2023 ($)		Year Ended June 30, 2022 ($)
EXPENSES				
Consulting fees (Note 6)		161,500		196,565
Flow-through share premium recovery (Note 7)		(420,546)		-
General and administrative		67,478		15,989
Impairment of exploration and evaluation assets (Note 4)		433,311		-
Interest income		(56,855)		(8,709)
Investor relations		429,296		79,596
Management fees (Note 6)		180,000		120,000
Professional fees (Note 6)		168,143		135,397
Share-based payments (Notes 6 and 7)		435,934		638,149
Transfer agent and filing fees		59,611		38,957
Loss and comprehensive loss		(1,457,872)		(1,215,944)
Basic and diluted loss per share:	$	(0.02)	$	(0.02)
Weighted average common shares outstanding:				
Basic and Diluted		86,378,101		51,231,519

Gander Gold Corporation

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
		($)	**($)**	**($)**	**($)**
Balance at June 30, 2021	35,330,556	529,958	4,471,250	(25,152)	4,976,056
Cancellation of common shares	(17,107,125)	(256,607)	-	-	(256,607)
Common shares re-issued	17,107,125	342,143	-	-	342,143
Common shares issued to settle debt	8,831,500	2,649,450	-	-	2,649,450
Common shares issued on conversion of Special Warrants	27,231,665	4,743,750	(4,743,750)	-	-
Common shares issued for property payments	4,300,000	1,455,000	-	-	1,455,000
Share issuance costs	-	(98,335)	-	-	(98,335)
Special warrants issued for cash	-	-	272,500	-	272,500
Stock options vested	-	-	638,149	-	638,149
Loss for the year	-	-	-	(1,215,944)	(1,215,944)
Balance at June 30, 2022	75,693,721	9,365,359	638,149	(1,241,096)	8,762,412
Common shares issued for cash	12,883,329	3,999,963	-	-	3,999,963
Common shares issued for property payments	2,966,667	362,833	-	-	362,833
Flow through share premium liability	-	(521,464)	-	-	(521,464)
Restricted stock units vested	-	-	360,801	-	360,801
Share issuance costs - cash	-	(251,799)	-	-	(251,799)
Share issuance costs - finders' warrants	-	(87,400)	87,400	-	-
Stock options vested	-	-	75,133	-	75,133
Loss for the year	-	-	-	(1,457,872)	(1,457,872)
Balance at June 30, 2023	91,543,717	12,867,492	1,161,483	(2,698,968)	11,330,007

See accompanying notes to the financial statements

Gander Gold Corporation

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended June 30, 2023	Year Ended June 30, 2022
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	(1,457,872)	(1,215,944)
Items not affecting cash		
Flow-through share premium recovery	(420,546)	-
Impairment of exploration and evaluation assets	433,311	-
Interest income	(56,855)	(8,709)
Share-based payments	435,934	638,149
Changes in non-cash working capital items:		
Prepaids	(119,967)	(23,750)
Sales tax receivable	173,618	(222,684)
Accounts payable and accrued liabilities	38,916	(31,034)
	(973,461)	(863,972)
INVESTING ACTIVITIES		
Exploration advance	(500,000)	(355,000)
Exploration and evaluation expenditures	(2,506,308)	(2,830,006)
Exploration and evaluation rebate	45,450	60,000
Interest received	56,855	8,709
	(2,904,003)	(3,116,297)
FINANCING ACTIVITIES		
Common shares issued	3,999,963	85,536
Share issuance costs	(251,799)	(98,335)
Special warrants issued	-	272,500
	3,748,164	259,701
Change in cash during the year	(129,300)	(3,720,568)
Cash - beginning of year	702,743	4,423,311
Cash - end of year	573,443	702,743

Supplemental Cash Flow Information (Note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

Gander Gold Corporation (the "Company") was incorporated on February 3, 2021 under the Business Corporations Act (British Columbia). The Company is a subsidiary of Sassy Gold Corp., a publicly traded corporation on the Canadian Securities Exchange ("CSE") under the trading symbol CSE:SASY. The Company is an exploration stage mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company's registered and records office is located at suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no sources of revenue and a deficit of $2,698,968 at June 30, 2023 (June 30, 2022 - $1,241,096).

Recent global issues, including the ongoing COVID-19 pandemic and geo-political conflicts have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations this time.

The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material. The above conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations from the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Company's Board of Directors on October 30, 2023.

Basis of measurement

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information, and financial instruments classified as financial instruments at fair value through profit or loss, or fair value through other comprehensive loss which are stated at fair value.

Functional and Presentation Currency

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the financial statements.

2. BASIS OF PREPARATION (continued)

Use of Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Income taxes</u>
The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

<u>Non-monetary transactions</u>
Assets exchanged or transferred in non-monetary transactions are measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable.

<u>Share-based payments</u>
The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

The fair value of restricted stock units ("RSUs") is determined on the date of grant based on the market price of the Company's common shares. This may not be indicative of the value on the settlement date.

Significant judgments that management has made at the end of the reporting period are as follows:

<u>Carrying value and the recoverability of exploration and evaluation assets</u>
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

<u>Going Concern</u>
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Loss per share

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The calculation assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. For the year presented, this calculation proved to be anti-dilutive.

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Restoration provisions

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

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company currently has no restoration obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

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

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

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Impairment of long-lived assets

The carrying amount of the Company's assets is reviewed for indicators of impairment at each reporting date. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCD").

FVLCD is defined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company calculates FVLCD by reference to the after-tax future cash flows expected to be derived, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. If an impairment loss exists, then it is recorded as an expense immediately.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payments

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital. The value associated with expired options remains in reserves.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders the services.

Financial instruments

IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

Financial assets

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's financial assets consist of cash which has been classified as amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

Financial liabilities

The Company's financial liabilities consist of accounts payable and accrued liabilities which has been classified as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Leases

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the statement of financial position a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized in profit or loss will be recognized on the statement of financial position.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

As at June 30, 2023, the Company did not have any leases that would result in a right-of-use asset or lease liability.

Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company incurs the expenditures, at which point the liability is reversed and recorded as other income on the statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Gander North	Gander South	Mt. Peyton	Carmanville	BLT	Cape Ray	Hermitage	Little River	Total
	($)	($)	($)	($)	($)	($)	($)	($)	($)
Acquisition Costs:									
Balance, June 30, 2021	820,278	158,100	960,878	129,197	280,742	429,055	291,900	123,400	3,193,550
Additions	423,680	34,153	515,856	72,892	154,092	375,000	62,822	26,505	1,665,000
Balance, June 30, 2022	1,243,958	192,253	1,476,734	202,089	434,834	804,055	354,722	149,905	4,858,550
Additions	172,956	21,968	191,835	28,738	56,695	133,334	40,320	16,988	662,834
Impairment	-	-	-	(230,827)	-	-	-	-	(230,827)
Balance, June 30, 2023	1,416,914	214,221	1,668,569	-	491,529	937,389	395,042	166,893	5,290,557
Exploration Costs:									
Balance, June 30, 2021	104,100	-	-	-	-	84,810	-	-	188,910
Assays	44,509	1,877	-	172	96	172	1,781	1,781	50,388
Consulting	180,852	29,906	55,788	11,102	37,577	28,904	10,172	594	354,895
Field supplies	38,277	3,681	1,013	713	3,941	4,519	1,201	-	53,345
Geophysics	229,213	8,204	548,175	54,501	114,506	186,354	56,883	31,354	1,229,190
Helicopter and expediting	55,676	5,859	26,602	4,072	15,615	106,058	9,867	-	223,749
JEA Rebate	-	-	-	-	-	(60,000)	-	-	(60,000)
Permitting	-	12,075	-	-	-	-	-	-	12,075
Reports and maps	61,295	-	-	-	-	-	-	-	61,295
Sampling	714,144	32,984	376,122	47,652	322,348	77,946	12,672	12,672	1,596,540
Balance, June 30, 2022	1,428,066	94,586	1,007,700	118,212	494,083	428,763	92,576	46,401	3,710,387
Assays	30,778	4,169	396	501	9,148	10,245	1,090	-	56,327
Consulting	283,154	20,119	43,244	9,165	58,368	10,686	9,701	4,728	439,165
Field supplies	7,000	-	-	370	-	-	-	-	7,370
Drilling	166,558	-	-	-	-	-	-	-	166,558
Geophysics	142,283	-	-	-	-	-	-	-	142,283
Helicopter and expediting	98,880	3,369	48,689	182	23,719	55,216	10,900	-	240,955
JEA Rebate	-	-	(45,450)	-	-	-	-	-	(45,450)
Reports and maps	3,125	-	-	625	1,688	1,250	1,250	-	8,688
Sampling	113,353	15,827	403,760	73,430	65,590	82,740	33,740	-	788,440
Impairment	-	-	-	(202,485)	--	-	-	-	(202,485)
Balance, June 30, 2023	2,273,197	138,070	1,459,089	-	652,596	588,900	149,257	51,129	5,312,238
Total Costs:									
Balance, June 30, 2022	2,672,024	286,839	2,484,834	320,301	928,917	1,232,818	447,298	196,306	8,568,937
Balance, June 30, 2023	3,690,111	352,291	3,127,658	-	1,144,125	1,526,289	544,299	218,022	10,602,795

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Vulcan Properties, Newfoundland

Gander North/Gander South/Hermitage/Little River

On February 28, 2021, the Company took assignment of an option agreement (the "Vulcan Agreement") between Sassy and Vulcan Minerals Inc. ("Vulcan") dated February 11, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the "Gander North Property", "Gander South Property", the "Little River Property" and the "Hermitage Property") (collectively, the "Gander properties").

Pursuant to the Vulcan Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

Date	Shares	Cash	Exploration Expenditures
		($)	($)
Upon execution of the Agreement (issued by Sassy)(paid)	1,000,000	100,000	-
On or before February 11, 2022 (issued, paid and incurred)	300,000	50,000	200,000
On or before February 11, 2023 (issued, paid and incurred)	300,000	50,000	400,000
On or before February 11, 2024	400,000	100,000	600,000
On or before February 11, 2025	500,000	100,000	800,000
Total	2,500,000	400,000	2,000,000

The Company also reimbursed Vulcan for a refundable staking deposit totaling $28,950 which is posted with government of Newfoundland and Labrador.

Vulcan will retain a 3% net smelter return ("NSR") royalty upon the Company completing its obligations under the Vulcan Agreement. The Company has the right to purchase back one half of the NSR (1.5%) for a cash payment of $2,000,000 and the issuance of 500,000 common shares of the Company.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Wildwood Properties, Newfoundland

Gander North/Carmanville

On May 31, 2021, the Company took assignment of an option agreement (the "Gander North Agreement") between Sassy and Wildwood Exploration Inc. ("Wildwood") dated March 12, 2021, as amended on April 7, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the "Gander North Property" and the "Carmanville Property").

Pursuant to the Gander North Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

Date	Shares	Cash	Exploration Expenditures
		($)	($)
Upon execution of the Agreement (issued by Sassy)(paid)	1,000,000	154,275	-
On or before November 15, 2021 (incurred)	-	-	275,000
On or before March 12, 2022 (issued and paid)	500,000	50,000	-
On or before April 7, 2022 (issued)	250,000	-	-
On or before November 15, 2022 (incurred)	-	-	335,000
On or before March 12, 2023 (issued and paid)	500,000	100,000	-
On or before April 7, 2023 (issued)	250,000	-	-
On or before November 15, 2023	-	-	400,000
On or before March 12, 2024	500,000	100,000	-
On or before April 7, 2024	250,000	-	-
On or before November 15, 2024	-	-	750,000
On or before March 12, 2025	500,000	100,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
Total	4,500,000	654,275	2,760,000

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Gander North Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of $2,500,000.

Upon completion of its public listing on the CSE, the Company issued an additional 500,000 common shares valued at $175,000 to Wildwood.

During the year ended June 30, 2023, the Company determined that it was unlikely it would be proceeding with the Carmanville property, and accordingly recorded a full impairment on the property totaling $433,311 (2022 - $Nil).

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Cape Ray

On May 31, 2021, the Company took assignment of an option agreement (the "Cape Ray Agreement") between Sassy and Wildwood dated March 12, 2021, as amended on April 7, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (the "Cape Ray Property").

Pursuant to the Cape Ray Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

Date	Shares	Cash	Exploration Expenditures
		($)	($)
Upon execution of the Agreement (issued by Sassy)(paid)	500,000	87,455	-
On or before November 15, 2021 (incurred)	-	-	100,000
On or before March 12, 2022 (issued and paid)	250,000	35,000	-
On or before April 7, 2022 (issued)	250,000	-	-
On or before November 15, 2022 (incurred)	-	-	120,000
On or before March 12, 2023 (issued and paid)	500,000	50,000	-
On or before November 15, 2023	-	-	150,000
On or before March 12, 2024	500,000	75,000	-
On or before November 15, 2024	-	-	430,000
On or before March 12, 2025	750,000	75,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	130,000	-
Total	3,500,000	452,455	1,800,000

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Cape Ray Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of $2,500,000.

Upon completion of its public listing on the CSE, the Company issued an additional 500,000 common shares valued at $175,000 to Wildwood.

On October 11, 2022, the Company entered into an option agreement with Supernova Metals Corp. ("SUPR") wherein SUPR could acquire a 1% interest in the Cape Ray property by expending $56,000 in exploration expenditures (incurred) by December 31, 2022. However, the Company retained a right of repurchase which allowed it to re-acquire the 1% interest in exchange for the payment of $50,000 on or before February 28, 2023. The payment can be settled in cash or common shares at the Company's election. On December 1, 2022, the Company exercised the right of repurchase by issuing 166,667 common shares at a fair value of $25,833 to SUPR.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Mount Peyton/BLT

On May 31, 2021, the Company took assignment of an option agreement (the "Thwart Island Agreement") between Sassy and Wildwood dated March 12, 2021, as amended on May 12, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the "Mount Peyton Property" and the "BLT Property").

Pursuant to the Thwart Island Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

Date	Shares	Cash ($)	Exploration Expenditures ($)
Upon execution of the Agreement (issued by Sassy)(paid)	1,250,000	331,320	-
On or before November 15, 2021 (incurred)	-	-	140,000
On or before January 15, 2022 (incurred)	-	-	700,600
On or before March 12, 2022 (issued and paid)	1,250,000	75,000	-
On or before November 15, 2022 (incurred)	-	-	160,000
On or before March 12, 2023 (issued and paid)	1,250,000	100,000	-
On or before November 15, 2023	-	-	200,000
On or before March 12, 2024	1,250,000	100,000	-
On or before November 15, 2024	-	-	500,000
On or before March 12, 2025	1,250,000	125,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
Total	7,000,000	881,320	2,700,600

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Thwart Island Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of $2,500,000.

Upon completion of its public listing on the CSE, the Company issued an additional 500,000 common shares valued at $175,000 to Wildwood.

During the year ended June 30, 2023, the Company advanced $500,000 (2022 - $355,000) for future exploration work on its Gander properties.

(Expressed in Canadian dollars)

5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	June 30, 2023	June 30, 2022
	($)	($)
Trade payables	456,123	1,149,729
Accrued liabilities	41,000	20,000
	497,123	1,169,729

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
	($)	($)
Consulting fees	71,500	40,000
Geological fees (included in consulting fees)	90,000	60,000
Management fees	180,000	120,000
Professional fees	87,000	52,000
Share-based payments	412,783	638,149
	841,283	910,149

As at June 30, 2023, a total of $26,106 (June 30, 2022 - $Nil) was included in accounts payable and accrued liabilities owing to key management of the Company for fees and reimbursable expenses.

On March 19, 2021, Sassy Gold Corp. ("Sassy"), the sole shareholder of the Company at the time, subscribed for 35,330,556 common shares for gross proceeds of $529,958. A subsequent cancellation and re-issuance of 17,107,125 resulted in an increase in the subscription proceeds received by $85,536 (Note 7).

During the period ended June 30, 2021, the Company acquired certain exploration and evaluation assets in Newfoundland from Sassy in exchange for a loan totaling $2,649,450. On November 22, 2021, the Company issued 8,831,500 common shares at $0.30 per share in full settlement of the outstanding loan.

7. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

Year ended June 30, 2023

On September 26, 2022, the Company completed a non-brokered private placement financing wherein it issued 12,883,329 shares, consisting of 2,982,962 charitable flow-through shares at $0.38 per share, 4,833,442 flow-through shares at $0.31 per share and 5,066,925 common shares at $0.27 per shares, for aggregate proceeds of $3,999,963. In connection with the financing, the Company paid a total of $228,542 in cash and issued 714,704 finders' warrants valued at $87,400 that are exercisable for 12 months at the issue price of the underlying security issued. The finders' warrants were valued using the Black-Scholes Option Pricing Model with the following parameters: expected price volatility: 165%, risk-free rate: 3.81%, expected life: 1 year and expected dividend yield: 0%. The Company incurred other share issuance costs totaling $23,257.

The Company recorded a flow-through liability of $521,464 on issuance of the charitable flow-through shares and flow-through shares. As at June 30, 2023, the Company incurred approximately 80% of the required flow-through expenditures under the issuance and $420,546 was recognized as a flow-through premium recovery resulting in other liabilities of $100,918 as at June 30, 2023.

On December 1, 2022, the Company issued 166,667 common shares valued at $25,833 in connection with the Cape Ray property (Note 4).

On February 8, 2023, the Company issued 300,000 common shares to Vulcan valued at $49,500 under the Vulcan Agreement (Note 4).

On March 27, 2023, the Company issued 2,500,000 common shares valued at $287,500 to Wildwood under the Gander North, Cape Ray and Thwart Island Agreements (Note 4).

Year ended June 30, 2022

On November 22, 2021, the Company issued 8,831,500 common shares to Sassy at $0.30 per share in settlement of a $2,649,450 intercompany loan with Sassy (Note 6).

On January 26, 2022, the Company cancelled 17,107,125 common shares previously issued at $0.015 per share to Sassy and reissued 17,107,125 common shares at $0.02 per share for additional cash proceeds of $85,536 (Note 6).

On February 25, 2022, the Company issued 27,231,665 common shares pursuant to the conversion of 27,231,665 special warrants. The Company incurred share issuance costs of $98,335.

7. SHARE CAPITAL AND RESERVES (continued)

On February 25, 2022, the Company issued 1,500,000 common shares valued at $525,000 to Wildwood under the Gander North, Cape Ray and Thwart Island Agreements (Note 4).

On February 25, 2022, the Company issued 300,000 common shares to Vulcan valued at $105,000 under the Vulcan Agreement (Note 4).

On April 20, 2022, the Company issued 2,500,000 common shares valued at $825,000 to Wildwood under the Gander North, Cape Ray and Thwart Island Agreements (Note 4).

Special Warrants

On May 17, 2021, the Company issued 15,141,665 special warrants at $0.15 per special warrant for gross proceeds $2,271,250.

On June 2, 2021, the Company issued 11,000,000 special warrants at $0.20 per special warrant for gross proceeds $2,200,000.

On September 1, 2021, the Company issued 1,090,000 special warrants at $0.25 per special warrant for gross proceeds $272,500.

The special warrants were fully converted into common shares of the Company on February 25, 2022.

Stock Options

The Company has rolling incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, 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 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company unless otherwise approved by the Board of Directors.

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (continued)

A continuity schedule of the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price
		($)
Balance, June 30, 2021	-	-
Issued	3,450,000	0.25
Balance, June 30, 2022	3,450,000	0.25
Issued	225,000	0.20
Balance, June 30, 2023	3,675,000	0.25

The Company recorded share-based payments of $75,133 (2022 - $638,149) during the year ended June 30, 2023 in connection with vested stock options.

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during the year ended June 30, 2023 were as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life	Expected Dividend Yield	Fair Value Per Option	Total Fair Value
		(%)	(%)	(yrs)	(%)	($)	($)
May 5, 2023	225,000	166	3.02	5.00	-	0.17	39,100

The following table summarizes the stock options outstanding as at June 30, 2023:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
			($)	(yrs)
November 1, 2026	2,400,000	2,400,000	0.25	3.34
November 15, 2026	700,000	700,000	0.25	3.38
December 1, 2026	350,000	350,000	0.25	3.42
May 5, 2028	225,000	112,500	0.20	4.85
	3,675,000	3,562,500	0.25	3.45

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (continued)

RSUs

The Company has a rolling RSU plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Vesting provisions as well as method of settlement (ie. cash or common shares) are determined by the Board of Directors of the Company. The maximum number common shares reserved for issuance to any one RSU holder will not exceed five percent (5%) of the issued and outstanding common shares. Any unvested RSUs are immediately forfeited following cessation of the RSU holder's position with the Company unless otherwise approved by the Board of Directors.

On May 5, 2023, the Company granted 2,975,000 RSUs that vested 50% immediately and the remaining 50% after six months. The Board elected for this RSU grant to be settled in common shares, and accordingly they are accounted for as equity instruments. The Company recorded share-based payments of $360,801 during the year ended June 30, 2023 (2022 - $Nil).

The continuity of the Company's RSUs is as follows:

	Number of RSUs
Balance, June 30, 2021 and 2022	-
Granted	2,975,000
Balance, June 30, 2023	**2,975,000**

Warrants

A continuity schedule of the Company's finders' warrants is as follows:

	Number of Warrants	**Weighted Average Exercise Price**
		($)
Balance, June 30, 2022	-	-
Issued	714,704	0.32
Balance, June 30, 2023	714,704	0.32

Expiry Date	**Number of Warrants Outstanding**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life**
		($)	**(yrs)**
September 26, 2023	714,704	0.32	0.24
	714,704	0.32	0.24

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to risk is on its cash. The Company holds its cash in substantial financial institutions to mitigate risk. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

The Company's main source of funding has been through the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. The Company is exposed to liquidity risk.

Commodity risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for gold and silver are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the year ended June 30, 2023.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

8. FINANCIAL RISK MANAGEMENT (continued)

Classification of financial instruments

The Company classifies its other financial assets and other financial liabilities measured at fair value 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 within 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 is not based on observable market data (unobservable inputs).

Financial assets included in the statement of financial position are cash. Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities. The fair value of cash and accounts payable and accrued liabilities approximate the carrying amount due to their short term to maturity. The effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

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

There have been no changes to the Company's approach to capital management during the year ended June 30, 2023.

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being the acquisition, exploration and evaluation of mineral resources properties.

The Company operates in one geographic segment located in Canada.

(Expressed in Canadian dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

	2022 ($)	2022 ($)
Non-cash investing and financing activities:		
Common shares issued for exploration and evaluation assets	362,833	1,455,000
Common shares issued to settle loan from Sassy	-	2,649,450
Conversion of Special Warrants	-	4,743,750
Exploration and evaluation expenditures in accounts payable	438,049	1,149,571
Finder's warrant recorded as share issuance costs	87,400	-
Exploration advances reclassified as exploration and evaluation assets	355,000	-
Interest paid during the year	-	-
Income taxes paid during the year	-	-

11. COMMITMENTS

Under the terms of their management agreements, the CEO, CFO and VP of Exploration of the Company are entitled to between twelve and twenty-four months of base fee, representing approximately $546,000, in the event of their agreement being terminated in connection with a change of control of the Company.

12. INCOME TAX

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	2023 ($)	2022 ($)
Loss before income taxes	(1,457,892)	(1,215,944)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(394,000)	(328,000)
Increase (decrease) due to:		
Change in statutory, foreign tax, foreign exchange rates and other	(68,000)	(37,000)
Impact of flow through shares	487,000	-
Permanent differences	5,000	173,000
Tax effect of tax losses and temporary differences not recognized	(30,000)	182,000
Income tax (recovery) expense	-	-

(Expressed in Canadian dollars)

12. INCOME TAX (continued)

The components of deferred income taxes are as follows:

	2023 ($)	2022 ($)
Deferred income tax assets		
Non-capital losses	450,000	168,000
Property and equipment	9,000	-
Share issuance costs	70,000	21,000
Total deferred income tax assets	529,000	189,000
Deferred income tax liabilities		
Exploration and evaluation assets	370,000	-
Total deferred income tax liabilities	370,000	-
Net deferred tax asset	159,000	189,000
Unrecognized deferred tax asset	(159,000)	(189,000)
Net deferred tax asset	-	-

In assigning the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carry-forwards of approximately $1,665,000 (2022 - $622,000) and share issuance costs of approximately $260,000 (2022 - $79,000) that may be available for tax purposes.

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2023:

a) a total of 714,704 share purchase warrants expired without being exercised;

b) the Company issued 875,000 common shares pursuant to the exercise of RSUs; and

c) the Company borrowed $400,000 from Sassy pursuant to a promissory note that is unsecured, due on demand and bears interest at 10% per annum.