CANADIAN COPPER INC. (Formerly MELIUS METALS CORP.)

FINANCIAL STATEMENTS

Year Ended October 31, 2022

and the Initial 206-day Period Ended October 31, 2021
(Expressed in Canadian Dollars)

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Canadian Copper Inc.

Opinion

We have audited the financial statements of Canadian Copper Inc. (formerly Melius Metals Corp.) (hereafter "the Company"), which comprise the statements of financial position as at October 31, 2022 and 2021, and the statements of loss and comprehensive loss, the statements of changes in shareholder's equity and the statements of cash flows for the year ended October 31, 2022 and for the initial 206-day period ended October 31, 2021, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and 2021, and its financial performance and its cash flows for the year ended October 31, 2022 and for the initial 206-day period ended October 31, 2021 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 is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial statements and the auditor’s report thereon

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

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

Raymond Chabot Grant Thornton LLP[1]

Montréal
February 15, 2023

[1] CPA auditor, public accountancy permit no. A115879

CANADIAN COPPER INC. (Formerly MELIUS METALS CORP.)

Statements of Financial Position
(Expressed in Canadian Dollars)

As at	October 31, 2022	October 31, 2021
Assets		
Current assets		
Cash and cash equivalents (note 4)	$ 1,011,985	$ 1,445,005
Subscription receivable	-	5,000
Sales tax receivable	164,628	-
Prepaid expenses	36,129	7,703
Total current assets	1,212,742	1,457,708
Exploration and evaluation assets (note 5)	1,330,000	300,000
Total Assets	$ 2,542,742	$ 1,757,708
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 143,225	$ 129,522
Total Liabilities	143,225	129,522
Shareholders' Equity		
Share capital (note 7)	4,509,123	2,300,000
Contributed surplus (note 7)	280,860	27,073
Accumulated deficit	(2,390,466)	(698,887)
Total shareholders' equity	2,399,517	1,628,186
Total Liabilities and Shareholders' Equity	$ 2,542,742	$ 1,757,708

Nature and going concern (note 1)

Approved by the Board of Directors:

Director: Simon Quick

Director: Andrew Elinesky

The notes to the financial statements are an integral part of these statements.

CANADIAN COPPER INC. (Formerly MELIUS METALS CORP.)

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended October 31, 2022	Initial 206-day period ended October 31, 2021
Expenses		
Consulting fees	$ 358,788	$ 426,000
Communications	13,499	-
Exploration and evaluation expenditures	678,866	134,567
Office expenses	53,871	1,276
Professional fees	238,655	16,500
Salaries and benefits	176,561	-
Stock-based payments (note 7)	116,610	27,073
Regulatory fees	48,173	3,014
Travel expenditure	6,556	10,457
Loss on settlement of accounts payable to directors, President and a consultant	-	80,000
Net loss and comprehensive loss	$ (1,691,579)	$ (698,887)
Basic and diluted loss per share	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding - basic and diluted	60,613,356	27,667,475

The notes to the financial statements are an integral part of these statements.

CANADIAN COPPER INC. (Formerly MELIUS METALS CORP.)

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

	Share Capital				
	Number	Amount	Contributed surplus	Deficit	Total
Balance, April 8, 2021 - Inception	-	-	-	-	-
Issuance of shares for cash (note 7)	26,500,000	1,520,000	-	-	1,520,000
Shares issued for services (note 7)	20,000,000	480,000	-	-	480,000
Shares issued for exploration and evaluation assets (note 5)	6,000,000	300,000	-	-	300,000
Stock-based payments	-	-	27,073	-	27,073
Net loss and comprehensive loss	-	-	-	(698,887)	(698,887)
Balance, October 31, 2021	52,500,000	$ 2,300,000	$ 27,073	$ (698,887)	$ 1,628,186
Issuance of units for cash (note 7)	5,475,000	1,204,500	164,250	-	1,368,750
Share issuance costs	-	(2,450)	-	-	(2,450)
Units issued for performance warrants exercised (note 7)	2,500,000	77,073	(27,073)	-	50,000
Shares issued for exploration and evaluation assets (note 5)	6,000,000	930,000	-	-	930,000
Stock-based payments	-	-	116,610	-	116,610
Net loss and comprehensive loss	-	-	-	(1,691,579)	(1,691,579)
Balance, October 31, 2022	66,475,000	$ 4,509,123	$ 280,860	$ (2,390,466)	$ 2,399,517

The notes to the financial statements are an integral part of these statements.

CANADIAN COPPER INC. (Formerly MELIUS METALS CORP.)

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended October 31, 2022	Initial 206-day period ended October 31, 2021
Operating Activities		
Net loss	$ (1,691,579)	$ (698,887)
Items not affecting cash:		
Stock-based payment (note 7)	116,610	27,073
Consulting fees	-	400,000
Loss on settlement of accounts payable	-	80,000
Changes in non-cash operating working capital:		
Sales tax receivables	(164,628)	-
Prepaid	(28,426)	(7,703)
Accounts payable and accrued liabilities	13,703	129,522
Cash used in operating activities	(1,754,320)	(69,995)
Investing Activities		
Options payment on exploration and evaluation assets (note 5)	(100,000)	-
Cash used in investing activities	(100,000)	-
Financing Activities		
Net proceeds from private placement	1,366,300	1,515,000
Proceeds of warrants exercised	50,000	-
Subscriptions received	5,000	-
Cash provided by financing activities	1,421,300	1,515,000
Change in cash and cash equivalent	(433,020)	1,445,005
Cash and cash equivalent, beginning	1,445,005	-
Cash and cash equivalent, ending	$ 1,011,985	$ 1,445,005
Non-cash investing and financing activities		
Shares issued for exploration and evaluation assets (note 7)	$ 930,000	$ 300,000
Shares issued in settlement of accounts payable	$ -	$ 480,000
Issuance of shares in exchange of subscriptions receivable	$ -	$ 5,000

The notes to the financial statements are an integral part of these statements.

1. Nature of operations and going concern

Canadian Copper Inc. ("Canadian Copper" or "the Company") was incorporated under the *Business Corporations Act* (Ontario) (the **OBCA**) on April 8, 2021, as Melius Capital 3 Corp. On July 27, 2021, Melius Capital 3 Corp. changed its name to Melius Metals Corp. On April 12, 2022 the Company's name was changed to Canadian Copper Inc. The Company became a conditionally approved reporting issuer on May 24, 2022 on the Canadian Securities Exchange "CSE" and finally approved by the CSE on July 26, 2022 and the Company's shares became listed on the CSE under the ticker "CCI" on July 26, 2022.

The address of the Company's corporate office address is Canadian Venture Building, 82 Richmond Street East, Toronto ON, M5C 1P1.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties in Canada. During the year ended October 31, 2022 and the initial 206-day period ended October 31, 2021, the Company has been active in investigating the viability of the Company's mineral properties (the "Properties"). The Company has not yet determined whether any of the properties it owns may contain a mineral resource that may eventually be economically recoverable. The economic viability of the Properties will depend on the establishment of ore reserves, the confirmation of the Company's interest in the mineral claims and the ability of the Company to obtain the necessary financing to complete its development and place it into commercial production.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. During the year ended October 31, 2022, the Company has incurred losses of $1,691,579 (initial 206-day period ended October 31, 2021 - $698,887) and as at October 31, 2022, has an accumulated deficit of $2,390,466 (October 31, 2021 - $698,887) and working capital of $1,069,517 (October 31, 2021 - $1,328,186). The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and generating profitable operations in the future. Management estimates that the cash as at October 31, 2022 will not be sufficient to meet the Company's needs for cash during the current year of 2023.

These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

The financial statements were approved and authorized for issue on February 15, 2023 by the Board of Directors of the Company.

2. Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended October 31, 2022.

(b) Functional and presentation currency

The functional and presentation currency of the Company is the Canadian dollar.

(c) Measurement basis

The financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3. Summary of significant accounting policies

(a) Significant accounting estimates and judgments

The preparation of the 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, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position 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 the following:

Critical accounting estimates

i. Stock-based payments. To estimate expenses for stock-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants and stock options granted. The model used by the Company is the Black-Scholes valuation model (see note 6).

ii. Provisions and contingent liabilities. The judgment is used to determine whether a past event has created a liability that should be recorded in the financial statements or whether it should be presented as a contingent liability. Quantify these liabilities involves judgments and estimates.

   These judgments and estimates are based on several factors, such as the nature of the claim or dispute, legal procedures and the potential amount to be paid, legal advice obtained and the likelihood of the realization of a loss.

3. Summary of significant accounting policies (continued)

Critical accounting judgments

i. Going concern
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration and evaluation programs, involves judgments including expectation of future events that are believed to be reasonable under the circumstances.

ii. Impairment of Exploration and evaluation Assets
Exploration and evaluation assets shall be assessed for an impairment test when facts and circumstances suggest that their carrying amount may exceed recoverable amount. To determine Indications of impairment of exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

iii. Deferred tax assets
The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets

(b) Cash

Cash consist of cash, bank balances and short-term highly liquid investments with original maturities of three months or less, or redeemable at any time, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in cash value.

(c) Mining properties options agreements

Options on interests in mining properties acquired by the Company are recorded at the value of the consideration paid but excluding the commitment for future expenditures, Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for immediately. Expenditures are accounted for only when incurred by the Company.

When the Company sells interest in a mining property, if any, it uses the carrying amount of the interest before the sale of the option as the carrying amount for the portion of the property retained and credits any cash consideration received against the carrying of this portion(any excess is recognized as a gain in profit or loss).

(d) Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred, if any. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets (including option payments) are capitalized on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, the related accumulated capitalized costs are reclassified as tangible assets and subsequent development expenditures are capitalized.An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognized in profit or loss.

3. Summary of significant accounting policies (continued)

(d) Exploration and evaluation assets (continued)

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

(e) Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

-the right to explore the areas has expired or will expire in the near future with no expectation of renewal.
-no further exploration or evaluation expenditures in the area are planned or budgeted;
-no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
-sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the assets or cash-generating unit’s recoverable amount exceeds its carrying amount.

3. Summary of significant accounting policies (continued)

(f) Provision, contingent liabilities and contingent assets

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

As at October 31, 2022 and 2021, the Company had no contingent liabilities and therefore no provision was recorded in the financial statements. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(g) Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated by adjusting loss attributable to shareholders of the Company, and the weighted average number of shares outstanding, for the effects of all dilutive potential shares which include performance warrants, warrants and stock options. Dilutive potential shares are deemed to have been converted into shares, warrants and at the average market price at the beginning of the period or, if later, at the date of issue of the potential shares.

The diluted loss per share is equal to the basic loss per share given the anti-dilutive effect of the outstanding performance warrants, warrants and stock options.

(h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. Summary of significant accounting policies (continued)

(h) Income taxes (continued)

Deferred tax is measured at the tax rate that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

(ii) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure them at FVTPL.

(iii) Measurement

<u>Financial assets at FVTOCI</u>
Financial assets at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). There are no financial assets classified in this category.

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value adjusted for transaction costs, and subsequently carried at amortized cost less any impairment. The Company's cash and cash equivalents, subscription receivable and accounts payable and accrued liabilities fall into this category of financial instruments.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs expensed in the statements of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of income (loss) in the period in which they arise. The Company has no financial assets and has no financial liabilities classified in this category.

3. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

(iv) Impairment of financial assets at amortized cost

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses –the expected credit loss (ECL) model'. Instruments within the scope of the requirements included subscription receivables.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

(j) Share capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of warrants or stock options, this account also includes the charge previously accounted to the warrants or stock options as contributed surplus. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of the shares issued on the day the agreement was concluded.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method.

(k) Other elements of equity

Contributed surplus includes compensation expense related to warrants and stock options not exercised. Deficit includes all current and previous losses.

(l) Stock-based compensation

Equity settled stock-based payments for employees and others providing similar services are measured at their fair value on the date of grant using the Black-Scholes model. Stock options are recognized as compensation expense on a graded vesting basis over the period in which the options vest.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. When stock options or warrants expire after vesting, the recorded value is reclassified to deficit.

For stock options and warrants granted to non-employees, the compensation expense is measured at the fair value of goods or services received. If the fair value cannot be reasonably estimated, compensation expense is then measured at the fair value of the equity instruments granted and measured at the date the Company obtains goods or services rendered.

Where the terms and conditions of options are modified, the increase or decrease in the fair value of the options,measured immediately before and after the modification, is charged to profit or loss over the remaining vesting period.

Consideration paid by employees or non-employees on the exercise of stock options and warrants are recorded as share capital and the related stock-based payment expense is transferred from contributed surplus, respectively, to share capital.

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

(m) Segment reporting

The Company presents and discloses segment information based on information that is regularly reviewed by the chief operating decision-maker, i.e.,the President and the Board of Directors.The Company has only one operating segment which consist in the mining activities. All non-current assets are in Canada.

(o) New standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

4. Cash and cash equivalent

As at	October 31, 2022	October 31, 2021
Cash	$ 311,985	$ 1,445,005
Cash equivalent	700,000	-
	$ 1,011,985	$ 1,445,005

The cash equivalent represents Guaranteed Investment Certificate ("GIC") in the amount of $700,000 of which $200,000 bears an annual interest rate of prime rate minus 2.45% (2.25% as at October 31, 2022), redeemable at any time until August 2023, and $500,000 bears an annual interest rate of 3.80%, maturing in November 2022

5. Exploration and evaluation assets

On June 30, 2021, the Company entered into an Option Agreement (“Option Agreement”) with Puma Exploration Inc. (“Puma”), a Company listed on the TSX-V under the ticker PUMA. The Company is granted an option to acquire 100% of the following exploration projects (Collectively, the “Puma Projects”):

The continuity of exploration and evaluation assets are as follow:

As at	October 31, 2022	October 31, 2021
Opening balance	$ 300,000	$ -
Additions	100,000	-
Additions from issuance of shares (note 7)	930,000	300,000
Ending balance	$ 1,330,000	$ 300,000

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

Mineral interests - acquisition costs:

	October 31, 2022	October 31, 2021
Turgeon Project		
Turgeon Project 1813	$ 342,034	$ 102,868
Turgeon Sud Property 5594	98,912	29,748
Murray Brook Project		
Murray Brook West Property 7846	77,961	23,447
Chester Project		
Chester Property 1571	423,009	53,955
Chester EAB Property 6003	147,165	18,771
Big Sveogle River Property 9026	3,475	270
Chester West Property 9036	2,117	1,045
South Big Sevogle River Property 9886	-	-
Big Sevvogle River Property 7045	5,073	647
Legacy Project		
Legacy Group Property 5443	49,104	39,920
McKenzie Gulch Property 6202	132,734	14,768
Brunswick Cards Project		
Little North Sevogle Property or Brunswick Cards West 9300	9,859	2,965
The North Sevogle Property 9302	38,557	11,596
Total	$ 1,330,000	$ 300,000

Mineral interests

Under the terms of the Option Agreement dated on June 30, 2021, as amended on November 19, 2021, and amended again on April 29, 2022, the Company can acquire 100% interest in the Puma Projects located in New Brunswick and are subject to and conditional upon all of the following conditions being satisfied:

- Issue 6,000,000 common shares on the execution date (issued on June 30, 2021 for a fair value of $300,000).
- The Company will compensate all the legal fees and disbursements required for Puma to complete a virtual extraordinary meeting of its shareholders to approve a capital reduction of up to $2,100,000. (completed on March 9, 2022).
- The successful completion by the Company of one of more equity offerings by way of private placements for aggregate gross proceeds of at least $2,250,000, following which at least 58,000,000 Company Shares will be issued and outstanding (completed on January 19, 2022).
- $100,000 in cash (paid November 22, 2021) and incur $500,000 (incurred by December 15, 2022) in exploration and evaluation work on Chester Optioned Project no later than January 17, 2022; Consent of Galleon Gold Corp. (formerly Explor Resources Inc.) to Puma's assignment of rights to the Company (completed on November 18, 2021).
- The filing by the Company of a preliminary prospectus in any jurisdiction in Canada. (completed on January 27, 2022).
- The Company should obtain a receipt for a final prospectus by May 31, 2022 (completed on May 24, 2022).
- Receipt by Puma of final approval from the TSX Venture Exchange of the Puma Option Agreement (completed on June 9, 2022).
- Satisfaction of Puma that the Company will meet the conditions of closing the Puma Option Agreement including Listing on the CSE and issuance of shares (completed on July 26, 2022).

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

The Puma Option Agreement is closed as a result of the following conditions being satisfied:

- The closing of the Puma Option agreement is conditional upon the Company successfully listing on the CSE and the issuance of the remaining 6,000,000 shares (issued on July 12, 2022 for fair value of $930,000) (completed).
- Successfully distributing the 6,000,000 shares issued on June 30 2021, to the shareholders of Puma. Record date set as June 17, 2022 and to be distributed on or before June 30, 2022 (completed on June 30, 2022).
- The Company shall use its best efforts to list the Company on the CSE at July 31, 2022 or such later date as may be agreed upon in writing by both parties (completed on July 26, 2022).

With the closing of the Puma Option Agreement, the Company maintains the following remaining conditions, in order to acquire and assume 100% interest in the Puma Projects:

- $2,300,000 payable at the Company's option in cash or common stock, over the three annual anniversaries of the closing of the Puma Option Agreement. To be satisfied over the next three anniversaries from closing. These installments are payable in common stock or cash, at the option of the Company.

Upon fulfilment of all the conditions of the Puma Agreement, the Company will acquire and assume 100% interest in the 13 tenure blocks contained in the Puma Option Agreement subject to certain agreements, rights and encumbrances.

Royalties
The Puma Projects are subject to the following NSR Royalties:

Title	Royalty
Brunswick Card West	The Brunswick Card West Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty
Brunswick Card East	The Brunswick Card East Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Murray Brook West	The Murray Brook Project is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000, with the Company retaining a right of first refusal on the remaining royalty.
Legacy Project	The Legacy Project is subject to a 2% NSR, half of which can be bought back by the Company for $500,000. ("Legacy Royalties")
Turgeon Project	The Turgeon Project is subject to a 2% NSR royalty on gold and silver and 1% NSR on any other saleable production, half of which can be bought back by the Company for $500,000.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

The Chester Project is subject to the following royalty:

Title	Royalty
Chester Royalty	The Chester Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Chester EAB Royalty	The Chester EAB Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Big Sevogle Royalty	The Big Sevogle Royalty (7045) is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000. The Big Sevogle Royalty (9026) is subject to a 2% NSR royalty, half of which can be bought back by the Company for $1,000,000.
Ross Royalty	The Ross Royalty is subject to a 2% NSR royalty, half of which can be bought back by the Company for $900,000, with a right of first refusal on the remaining royalty.
Brook Royalty	The Brook Royalty is subject to a 1% NSR royalty, which can be bought back for $1,000,000.
Northeast Royalty	The Northeast Royalty is subject to a 1% NSR royalty, which half can be bought back for $500,000.
Granges Royalty	The Granges Royalty is subject to a 1% NSR royalty, which half can be bought back for $500,000.
Puma Royalty	The Puma Royalty is subject to a 2% NSR royalty, of which half can be bought back by the Company for $1,000,000.

6. Related party transactions

Related party transaction

Key management includes current directors, CEO and President of the Company, the remuneration of key management personnel during the year period ended October 31, 2022 is summarized below:

	Year ended October 31, 2022	Initial 206-day period ended October 31, 2021
Salary paid to the CEO	$ 153,767	$ -
Consulting fees paid to the former President	-	100,000
Consulting fees paid to former directors and officers	226,313	213,000
Consulting fees to three directors	14,315	-
Consulting fee paid to the CFO of the company	30,184	-
Stock-based compensation	116,610	-
	$ 541,189	$ 313,000

6. Related party transactions (continued)

As at October 31, 2022, the Company owed to directors or their companies $16,488 (October 31, 2021 - $13,000) recorded in accounts payable and accrued liabilities, to related parties. These transactions took place in the normal course of business.

During the year ended October 31, 2022 the Company issued 1,600,000 stock options to directors, vesting over a period of up to 18 months. The fair value of $137,505 was determined using the Black-Scholes model – see Note 7. During the year ended October 31, 2022, $116,610 of stock-based compensation was recorded.

On November 1, 2021, the Company entered into a consulting arrangement with CXL Capital Inc. ("CXL"), a Company controlled by Mr. Lavoie, a former director. CXL is entitled to a consulting fee of $75,000 per year for a one year term only from November 1, 2021 to November 1, 2022. This agreement was never renewed and has since been terminated.

On November 1, 2021, the Company entered into a consulting arrangement with Terrella Capital Ltd. ("Terrella"), a Company controlled by Mr. Krasic, a former director. Terrella is entitled to a management fee of $75,000 per year for a one year term only from November 1, 2021 to November 1, 2022. This agreement was never renewed and has since been terminated.

On November 1, 2021, the Company entered into a consulting arrangement with Hypercap Ltd. ("Hypercap"), a Company controlled by Mr. Perras, a former director. Hypercap is entitled to consulting fees of $75,000 per year for a one year term only from November 1, 2021 to November 1, 2022. This agreement was never renewed and has since been terminated.

7. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding - Common Shares

As at October 31, 2022, the issued share capital is comprised of 66,475,000 (October 31, 2021 - 52,500,000) common shares.

8,100,000 shares were held in escrow as at October 31, 2022 and are subject to a 36-month contractual escrow release period from their respective issuance, as follows: 10% on or before the listing and listing shares are issued and afterwards 15% every six months after the listing and issuance of listing shares.

i) Shares issued during the year ended October 31, 2022

On January 19, 2022 the Company completed a private placement and issued 5,475,000 units at a price of $0.25 per unit for gross proceeds of $1,368,750. Each unit was comprised of one common share and one half of a common share purchase warrants. Each whole warrant can purchase one common share at a price of $0.40 per warrant until January 19, 2025. In connection with the private placement, the Company paid $2,450 cash finders' fee. An amount of $1,204,500 was allocated to the Share Capital, and an amount of $164,250 was allocated to the Contributed Surplus.

On January 10, 2022, the Company issued 2,500,000 shares as performance warrants were exercised at $0.02 per performance warrant for gross proceeds of $50,000.

On July 12, 2022, the Company issued 6,000,000 common shares at a price of $0.16 per share pursuant to the terms of an option agreement (Note 5) with a fair value of 930,000. 6,000,000 shares were held in escrow as at October 31, 2022 and are subject to a 36-month contractual escrow release period from their respective issuance, as follows: 10% in November 2022 and 15% in January 2023 and afterwards 15% every six month.

(Expressed in Canadian Dollars)

7. Share capital (continued)

(b) Issued and outstanding - Common Shares (continued)

ii) Shares issued during the initial 206-day period ended October 31, 2021

On May 3, 2021, the Company issued 4,000,000 common shares at a price of $0.005 per share for gross proceeds of $20,000.

On May 13, 2021, the Company issued 20,000,000 common shares at $0.024 per share in settlement of accounts payable to the former directors, President and a consultant of the Company. The settlement of those accounts payable have been recorded at the fair value of the common shares issued on the day of settlements, i.e. $0.024 per share for a total consideration of $480,000 and the difference between the fair value of the shares issued and the amount of accounts payable of $400,000 was recorded at the date of settlement in the statements of loss as loss on accounts payable settlement to Directors, President and a consultant.

On June 30, 2021, the Company issued 6,000,000 common shares at a price of $0.05 per share pursuant to the terms of an option agreement (Note 5) with a fair value of 300,000.

On September 8, 2021, the Company issued 15,000,000 common shares at a price of $0.05 per share for gross proceeds of $750,000.

On October 28, 2021, the Company issued 7,500,000 common shares at a price of $0.10 per share for gross proceeds of $750,000.

Performance warrants

	Number of performance warrants outstanding	Weighted average exercise price ($)
Balance, April 8, 2021	-	-
Issued	2,500,000	0.02
Balance, October 31, 2021	2,500,000	0.02
Exercised	(2,500,000)	0.02
Balance, October 31, 2022	-	-

On May 13, 2021, the Company issued 2,500,000 performance warrants that vested upon the successful completion of a private placement raising gross proceeds of $750,000. The performance warrants expire five years from the date of issuance and is exercisable at $0.02 per performance warrant.

On January 10, 2022, the Company issued 2,500,000 shares of the Company, pursuant to 2,500,000 performance warrant exercised for gross proceeds of $50,000.

Upon initial recognition, the fair value of the performance warrants was $27,073. The fair value of the performance warrants granted was estimated using the Black Scholes Option Pricing Model and based on the following assumptions: Share price - $0.02; Exercise price - $0.02; expected life – 5 years, volatility – 65% and risk-free rate of $0.76%.

The Company estimated the volatility of shares of similar companies and the expected life and the exercise period of warrants granted.

(Expressed in Canadian Dollars)

7. Share capital (continued)

Warrants

	Year ended October 31, 2022		For the initial 206-day period ended October 31, 2021	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Opening	-	$ -	-	$ -
Issued	2,737,500	0.40	-	-
Ending	2,737,500	$ 0.40	-	$ -

As at October 31, 2022, the Company had the following warrants outstanding:

Expiry date	Warrants outstanding	Exercise price ($)	Weighted average remaining life (years)
January 19, 2025	2,737,500	0.40	2.22

Stock options

On December 1, 2021, the Shareholders of the Company approved the Stock Option Plan, the “SOP”. The purpose of the SOP is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long-term goals of the Company and to enable and encourage those individuals to acquire Common Shares as long-term investments. Upon becoming a reporting issuer, the Company will be required to obtain Shareholder approval of the SOP on a yearly basis in accordance with the policies of the CSE.

The Company grants stock options to directors, officers, employees and consultants and affiliates or any person deemed suitable by the board of directors, pursuant to its Incentive Share Option Plan, the “Plan”. The number of options that may be issued under the Plan is limited to no more than 10% of the Company’s issued and outstanding shares on the grant date. Options issued under the Plan vest in six equal quarterly releases over a period of 18 months from award date and must have a term equal to or less than 10 years after the shares have been listed on the CSE.

(Expressed in Canadian Dollars)

7. Share capital (continued)

Stock options (continued)

	Year ended October 31, 2022		For the initial 206-day period ended October 31, 2021	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Opening	-	$ -	-	$ -
Issued	1,600,000	0.156	-	-
Ending	1,600,000	$ 0.156	-	$ -

As at October 31, 2022, the Company had the following stock options outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price ($)	Weighted average remaining life (years)
December 1, 2026	1,000,000	330,000	0.100	4.09
January 24, 2027	600,000	299,997	0.250	4.24
	1,600,000	629,997	0.156	4.20

The weighted average grant date fair value of options granted during the year ended October 31, 2022 was $0.086 (October 31, 2021 – $Nil). The weighted average remaining life of outstanding stock options as at October 31, 2022 is 4.14 years (October 31, 2021 – Nil).

The fair value of stock options granted during the year ended October 31, 2022 of $137,505 was estimated using the Black-Scholes option pricing model using the following assumptions at grant date:

Weighted average share price	$ 0.156
Weighted average risk free interest rate	1.44%
Expected life (in years)	5.00
Expected volatility	65%
Dividend yield	-
Forfeiture rate	0%

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company.

7. Share capital (continued)

Stock options (continued)

On December 1, 2021 the Company issued 1,000,000 stock options at $0.10 expiring in five years and 33% of these options vest after 3 months, 33% after one year and 34% after two years.

On January 24, 2022 the Company issued 600,000 stock options at $0.25 expiring in five years and vesting equally over six quarters to various directors of the Company.

During the year ended October 31, 2022, $116,610 stock-based payments was recorded in the statements of loss and comprehensive loss.

8. Management of capital

The Company defines capital as all accounts in equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

As at October 31, 2022, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company will continue to rely on capital markets to support continued growth. The Company is not subject to any externally imposed capital requirement.

9. Financial instrument and financial risk

The Company's financial instruments include cash and cash equivalent, subscription receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies:

The Company's financial instruments include cash and cash equivalents, subscription receivable and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalent. To minimize the credit risk on cash and cash equivalent, the Company places the instrument with a high credit quality financial institution.

9. Financial instrument and financial risk (continued)

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalent and to ensure that the Company has financing sources such as private placements for a sufficient amount.

Contractual maturities of accounts payable and accrued liabilities are less than one year.

In the current period, the Company has financed its acquisitions of exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares. Management estimates that the cash as at October 31, 2022 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 1).

(iii) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents attract interest at a variable interest rate and at a fixed interest rate. The interest of Canadian banking rates, are at present low

A change of 100 basis points in the interest rates would not be material to the financial statements. The Company does not have any liabilities with variable interest rates. As such, management has determined interest rate risk to be low.

(Expressed in Canadian Dollars)

10. Income taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	Year ended October 31, 2022	Initial 206-day period ended October 31, 2021
Loss before recovery of income taxes	$ (1,691,579)	$ (698,887)
	26.5%	26.5%
Expected income tax (recovery) at statutory rate	(448,268)	(185,205)
Change in unrecognized tax benefit	433,458	162,000
Permanent and other	14,810	23,205
Actual income tax recovery	$ -	$ -

The amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized are as follows :

As at	October 31, 2022	October 31, 2021
Non-capital losses carry forward	$ 1,420,785	$ 457,247
Share issue costs and other	1,960	-
Exploration and evaluation assets	826,490	156,295
Total deferred tax assets	$ 2,249,235	613,542

As at October 31, 2022, the Company had $1,420,785 of non-capital loss carry forwards available to reduce taxable income for future years. These losses expire as follows:

2042	$ 883,537
2041	537,248
	$ 1,420,785

(Expressed in Canadian Dollars)

11. Commitments

As at October 31, 2022, the Company has commitments to Marrelli Support Services Inc. for accounting and CFO services.

The Company has the following commitments:

	Years ended October 31, 2023	2024
Accounting services	$ 36,000	$ 27,000
CFO services	18,000	1,500
Total	54,000	28,500

12. Subsequent event

On December 20, 2022, the Company closed a private placement consisting of 4,080,000 flow-through shares (the "FT Shares") at a price of C$0.10 per FT Share for aggregate gross proceeds of $408,000 (the "FT Offering"). There were no warrants issued as part of this financing. The Company paid finder's fees to certain arm's-length third parties consisting of a cash commission of up to 7% of the gross proceeds of the FT Offering for an aggregate amount of $12,810. Certain directors and other insiders of the Company participated in the FT Offering and subscribed into theFT Offering for the maximum amount permissible under applicable securities laws and regulatory rules,acquiring an aggregate of 100,000 FT Shares. The Company recorded $61,200 flow-through liability on the date of issuance.