Lode Metals Corp.

Consolidated Financial Statements

For the Year Ended January 31, 2023 and 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Lode Metals Corp.

Opinion

We have audited the consolidated financial statements of Lode Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 describes events and conditions that indicate 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.

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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 31, 2023

Lode Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	January 31, 2023	January 31, 2022
ASSETS		
Current asset		
Cash	**$ 113,346**	$ 561,087
Restricted cash (Note 9)	**-**	1,264,311
GST receivable	**41,429**	23,936
Prepaid expenses	**11,790**	67,312
	166,565	1,916,646
Deposits (Note 6)	**-**	91,311
Exploration and evaluation asset (Notes 6 and 11)	**2,809,557**	1,670,539
TOTAL ASSETS	**$ 2,976,122**	$ 3,678,496
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**$ 84,977**	$ 175,807
Loans payable (Notes 8 and 11)	**-**	138,595
TOTAL LIABILITIES	**84,977**	314,402
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**4,967,271**	2,482,386
Subscription receipts (Note 9)	**-**	1,264,331
Special warrants (Notes 9 and 10)	**-**	1,236,000
Reserve (Note 10)	**288,655**	190,891
Accumulated deficit	**(2,364,781)**	(1,809,514)
TOTAL SHAREHOLDERS' EQUITY	**2,891,145**	3,364,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,976,122**	$ 3,678,496

Subsequent events (Note 15)

These consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2023. They are signed on behalf of the Board of Directors by:

/s/ "Jon Bey"
Director

/s/ "Blair Jordan"
Director

The accompanying notes form an integral part of these consolidated financial statements.

Lode Metals Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the Year Ended January 31, 2023	For the Year Ended January 31, 2022
EXPENSES (INCOME)		
Consulting fees (Note 11)	**$ 131,216**	$ 87,339
Foreign exchange loss	**3,676**	10,401
General and administrative costs (Note 11)	**173,091**	102,587
Marketing fees	**26,723**	16,281
Professional fees	**98,011**	106,626
Stock-based compensation (Notes 5 and 11)	**98,153**	1,377,619
Transfer agent, regulatory and listing fees	**24,786**	29,100
NET AND COMPREHENSIVE LOSS	**$ 555,656**	$ 1,729,953
Basic and diluted loss per share	**$ (0.01)**	$ (0.05)
Weighted average number of common shares outstanding	**45,473,430**	35,009,264

The accompanying notes form an integral part of these consolidated financial statements.

Lode Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Year Ended January 31, 2023	For the Year Ended January 31, 2022
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss	$ (555,656)	$ (1,729,953)
Non-cash items:		
Stock-based compensation	98,153	1,377,619
Foreign exchange gain	453	(415)
Consulting fees – shares for services	60,000	60,000
Net changes in non-cash working capital items:		
GST receivable	(17,493)	(20,499)
Prepaid expenses	(4,478)	(7,312)
Accounts payable and accrued liabilities	(93,681)	404,881
Net cash flows used in operating activities	(512,702)	84,321
INVESTING ACTIVITES		
Mineral property acquisition and exploration costs	(1,032,511)	(1,389,867)
Cash received upon reverse takeover transaction	-	733,623
Deposits	(12,345)	(91,311)
Net cash flows used in investing activities	(1,044,856)	(747,555)
FINANCING ACTIVITIES		
Share issuance costs	(15,446)	-
Proceeds from issuance of common shares	-	20,000
Proceeds from issuance of subscription receipts	-	1,242,565
Proceeds from issuance of special warrants	-	1,220,202
Repayment of loans	(139,048)	
Net cash flows provided by (used in) financing activities	(154,494)	2,482,767
Net increase (decrease) in cash	(1,712,052)	1,819,533
Cash, beginning	1,825,398	5,865
Cash, ending	$ 113,346	$ 1,825,398
Non-cash activity:		
Exploration and evaluation expenditures included within accounts payable	$ 53,924	$ 51,073
Shares issued for consulting services	$ -	$ 120,050

The accompanying notes form an integral part of these consolidated financial statements.

Lode Metals Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares	Amount	Subscription receipts	Special warrants	Reserve	Accumulated deficit	Total
Balance at January 31, 2021	**16,485,714**	**$ 220,200**	**$ -**	**$ -**	**$ -**	**$ (79,561)**	**$ 140,639**
Shares issued in private placements (Notes 9 and 11)	1,000,000	20,000	-	-	-	-	20,000
Shares issued for reverse takeover (Notes 5 and 9)	21,597,005	2,159,700	-	-	-	-	2,159,700
Shares issued for services (Note 9)	343,000	120,050	-	-	-	-	120,050
Subscription receipt financing (Note 9)	-	(21,766)	1,264,331	-	-	-	1,242,565
Special warrants financings (Note 9)	-	(15,798)	-	1,236,000	-	-	1,220,202
Stock-based compensation (Note 10)	-	-	-	-	190,891	-	190,891
Net and comprehensive loss for the year	-	-	-	-	-	(1,729,953)	(1,729,953)
Balance at January 31, 2022	**39,425,719**	**$ 2,482,386**	**$ 1,264,331**	**$ 1,236,000**	**$ 190,891**	**$ (1,809,514)**	**$ 3,364,094**
Balance at January 31, 2022	**39,425,719**	**2,482,386**	**1,264,331**	**1,236,000**	**190,891**	**(1,809,514)**	**3,364,094**
Conversion of subscription receipts (Note 9)	3,612,316	1,264,331	(1,264,331)	-	-	-	-
Conversion of special warrants (Note 9)	3,531,426	1,236,000	-	(1,236,000)	-	-	-
Stock-based compensation (Note 9)	-	-	-	-	98,153	-	98,153
Cancelled options (Note 9)	-	-	-	-	(389)	389	-
Share issuance costs (Note 9)	-	(15,446)	-	-	-	-	(15,446)
Net and comprehensive loss for the year	-	-	-	-	-	(555,656)	(555,656)
Balance at January 31, 2023	**46,569,461**	**$ 4,967,271**	**$ -**	**$ -**	**$ 288,655**	**$ (2,364,781)**	**$ 2,891,145**

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Lode Metals Corp. (the "Company" or "Lode Metals") is a gold focused Canadian exploration company. The Company's registered office is located at 885 West Georgia Street, Vancouver, BC, V6C 3E8.

On April 12, 2021, Lode Metals acquired all of the outstanding shares of 2262496 Alberta Ltd. ("226") by way of share exchange agreement (Note 5) (the "Transaction"). 226 has been identified for accounting purposes as the acquirer, and accordingly the Company is considered to be a continuation of 226, and the net assets of Lode Metals at the date of the reverse acquisition are deemed to have been acquired by 226. These consolidated financial statements include the results of operations of Lode Metals from April 12, 2021. The comparative figures are those of 226 prior to the reverse acquisition and of the Company from April 12, 2021. The Transaction provided the Company with business operations for the purposes of the listing of the Company's common shares on the Canadian Securities Exchange ("CSE"). On March 23, 2022, the Company received final receipt from the British Columbia Securities Commission of the Company's Long Form Prospectus dated March 22, 2022 and the Company's common shares were listed on the CSE.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At January 31, 2023, the Company had cash of $113,346 and its current assets exceed its current liabilities by $81,588. The Company currently is not generating any revenues. It has incurred losses since inception and had an accumulated deficit of $2,364,781 as at January 31, 2023. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. These consolidated financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 226 and Elkhorn Gold Exploration LLC. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(d) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

2. BASIS OF PREPARATION (continued)

(e) Significant accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

(a) Foreign currency transactions

Transactions in currencies other than the Canadian dollar ("foreign currencies"), the Company's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are denominated in foreign currencies and measured at other than fair value are translated using the rates of exchange at the transaction dates. Foreign exchange gains and losses are included in net loss for the period.

(b) Financial instruments

i) Classification and measurement

<u>Financial asset</u>

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company does not have any assets classified and measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash is classified in this category.

<u>Financial liabilities</u>

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

i) Classification and measurement (continued)

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid.

ii) Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

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

iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(c) Restoration, rehabilitation, and environmental obligations

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

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets.

(d) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property in the period it is received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation expenditures (continued)

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(e) Share capital

Common shares

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

Equity units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to the reserve for warrants.

(f) Share options and warrants

All share options and warrants are recorded in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. When share options and warrants expire unexercised or are cancelled, other than cancellations resulting from forfeitures when vesting conditions are not satisfied, the amounts recognized in reserves are reclassified to accumulated deficit.

Stock-based compensation to employees and consultants is measured at the fair value of the instruments granted. Stock-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined that the fair value of the goods or services received cannot be reliability measured, and are recorded at the date the goods and services are received. Stock-based compensation is measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes Option Pricing Model. The offset to the recorded expense is to reserves. The fair value of awards is calculated using the Black-Scholes Option Pricing Model which considers the following factors: exercise price; current market price of the underlying shares; expected life of the award; risk-free interest rate; forfeiture rate; and expected volatility.

(g) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income taxes (continued)

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) Loss per share

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

(i) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in profit or loss.

(j) Recent accounting pronouncements

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company’s consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

<u>Significant accounting judgments</u>

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

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 and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

<u>Key sources of estimation uncertainty</u>

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the consolidated statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at January 31, 2023, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

Valuation of stock-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves

5. REVERSE TAKEOVER TRANSACTION

On April 12, 2021, the Company closed the acquisition of 226 contemplated in the letter of intent (the “LOI”) dated January 28, 2021, which constituted a reverse takeover transaction (the “Transaction”) (Note 1). Pursuant to the Transaction, 226 shareholders were issued an aggregate of 17,485,714 common shares of the Company, plus 7,600,000 common shares issued in a concurrent financing, in exchange for all of the issued and outstanding shares of 226, with 226 continuing as a wholly owned subsidiary of the Company. The original shareholders of the Company retained 21,597,005 common shares.

The Transaction resulted in 226 obtaining control of the combined entity by obtaining control of governance and management decision-making processes, and the resulting authority to govern the financial and operating policies of the combined entity. The Transaction has been accounted for as a reverse acquisition transaction in accordance with IFRS 2, Share-based payments. The Company did not meet the definition of a business in accordance with IFRS 3, Business combinations, as such, the Transaction does not constitute a business combination.

For accounting purposes, 226 is treated as the accounting parent (legal subsidiary) and the Company as the accounting subsidiary (legal parent). The fair value of the consideration paid by 226, less the fair value of net assets of Lode Metals acquired by 226 constitutes stock-based compensation expense and has been recorded in the consolidated statement of loss and comprehensive loss. These consolidated financial statements reflect the assets, liabilities and operations of 226 since its incorporation and of the Company from April 12, 2021.

The purchase price is allocated as follows:

Consideration	
Fair value of the Company’s shares (21,597,005 common shares at $0.10 per share) (Note 9)	$ 2,159,700
Net assets acquired	
Cash	733,623
Receivables	298,206
Accounts payable	(58,857)
Net assets	972,972
Stock-based compensation expense	**$ 1,186,728**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET

		Cracker Creek
Acquisition Costs		
Balance, January 31, 2021	$	253,588
Additions		247,720
Balance, January 31, 2022		501,308
Additions		265,106
Balance, January 31, 2023	$	766,414
Deferred Exploration Costs		
Balance, January 31, 2021	$	81,997
Consulting (Note 11)		761,162
Land maintenance		94,411
Geophysics		142,676
Other		88,985
Balance, January 31, 2022		1,169,231
Consulting (Note 11)		367,872
Land maintenance		34,302
Geophysics		93,586
Other		378,152
Balance, January 31, 2023	**$**	**2,043,143**
Total		
Balance, January 31, 2022	$	1,670,539
Balance, January 31, 2023	**$**	**2,809,557**

Cracker Creek Gold Property, Oregon, USA

On November 9, 2020, 226 entered into an Exploration and Purchase Option Agreement (the “Option Agreement”) with Cracker Creek Gold Corporation (“Cracker Creek”) whereby 226 has the option (the “Option”) to acquire an undivided 100% legal and beneficial right, title and interest in and to the Cracker Creek Gold Property (the “Property”) located in Bourne, Oregon, USA for a total purchase price of US$3,000,000 (the “Purchase Price”).

To maintain the Option Agreement in good standing, 226 must:

i) Pay US$100,000 in cash upon signing (paid $131,503 during the period ended January 31, 2021); and
ii) Pay US$60,000 every six months after the signing date until the date that 226 exercises the Option as provided under the Option Agreement or until the date that the Option Agreement is terminated according to its terms ($159,516 paid during the year ended January 31, 2023; $149,017 paid during the year ended January 31, 2022). On May 26, 2023, the Company paid US$60,000.

If the Option Agreement has been maintained in good standing, 226 may exercise its option to purchase the Property at any time after the signing date as follows:

i) On or before May 1, 2024, deliver notice to Cracker Creek of 226’s decision to exercise the Option (the “Exercise Notice”);
ii) Concurrently with 226’s delivery of the Exercise Notice to Cracker Creek, pay Cracker Creek by wire transfer US$300,000 immediately as a deposit towards the Purchase Price; and
iii) Perform certain closing requirements including payment in full of the remaining balance of the Purchase Price.

The Property is subject to a 2.5% net smelter returns (“NSR”) royalty held by Cracker Creek.

On November 21, 2020, 226 entered into a Services Agreement (the “Services Agreement”) with Minefinders LLC (“Minefinders”) for services provided by Minefinders related to the signing of the Option Agreement with Cracker Creek. As consideration for services rendered, 226 agreed to make certain payments to Minefinders and to grant to Minefinders a 0.5% NSR royalty (the “Minefinders NSR”) at the commencement of commercial production at the Property. 226 shall have the option (the “Royalty Option”) to purchase the Minefinders NSR at any time within two years of signing the Services Agreement for US$500,000.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

The payments for services rendered shall be made by 226 as follows:

i) US$40,000 in cash upon signing (paid $68,797 during the period ended January 31, 2021);

ii) US$40,000 every six months after the signing date until the earlier of (i) the date that 226 exercises its Option as provided under the Option Agreement, (ii) the date that the Option Agreement is terminated according to its terms and (iii) May 1, 2024 (paid $53,288 during the period ended January 31, 2021, $98,703 during the year ended January 31, 2022 and $105,590 paid during the year ended January 31, 2023);

iii) Unless the Royalty Option has been exercised by 226, US$500,000 on the date that commercial production is achieved; and

iv) Unless the Royalty Option has been exercised by 226, US$500,000 on the date that is 12 months from the date that commercial production is achieved.

As at January 31, 2023, the Company had advanced $Nil (January 31, 2022 - $91,311) towards deferred exploration costs.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are composed of the following:

		January 31, 2023		January 31, 2022
Accounts payable	$	57,154	$	133,072
Accrued liabilities		27,823		42,735
Total	**$**	**84,977**	**$**	**175,807**

8. LOANS PAYABLE

On June 26, 2020, 226 entered into a Bridge Loan Agreement (the "First Loan") with two arms' length parties and one related party (the "Lenders") for a total of US$50,000 ($68,797). The First Loan was unsecured, non-interest bearing and repayment is due within 45 days of written demand by the Lenders. On May 27, 2022, 226 revalued the loan to $64,048 (January 31, 2022 - $63,595) and accordingly, recorded a foreign exchange loss of $453, which is included within foreign exchange loss on the consolidated statement of loss and comprehensive loss for the year ended January 31, 2023 (2022 - $(415)). The loan was repaid on May 27, 2022, for a total of US$50,000 ($64,048).

On October 26, 2020, 226 entered into a second Bridge Loan Agreement (the "Second Loan") with the Lenders for a total of $75,000. The Second Loan was also unsecured, non-interest bearing and repayment is due within 45 days of written demand by the Lenders. The Second Loan was fully repaid on May 27, 2022.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

Year ended January 31, 2023

On March 29, 2022, the Company converted the subscription receipts and special warrants into common shares, which resulted in the issuance of 7,143,742 common shares, concurrent with final receipt from the British Columbia Securities Commission of the Company's Long Form Prospectus, and the Company's common shares were listed on the CSE. The Company incurred share issuance costs of $15,446 in connection with the conversion.

Year ended January 31, 2022

During the year ended January 31, 2022, the Company issued 1,000,000 common shares for gross proceeds of $20,000 to the CEO (Note 11).

On April 12, 2021, the Company issued 21,597,005 common shares with a fair value of $2,159,700 to 226 shareholders in accordance with the Transaction (Note 5).

9. SHARE CAPITAL (continued)

On August 6, 2021, the Company issued 343,000 common shares with a fair value of $120,050 to an arm's length consultant (the "Consultant") pursuant to a one-year marketing agreement (the "Agreement"). The Agreement also stipulates a cash payment of $10,000 per month for twelve months from the agreement date (the "Initial Term"). If the Company undertakes an offering of equity securities, the Consultant is entitled to a cash commission equal to 7% of the gross proceeds raised from the sale of securities and common shares or other securities equal to 7% of the number of securities sold to those parties introduced to the Company by the Consultant. In the event that a transaction other than an equity securities offering involved a party introduced to the Company by the Consultant, the Consultant is entitled to a minimum transaction fee of $75,000.

On September 7, 2021, the Company closed a special warrant financing by issuing 2,307,142 special warrants (the "Special Warrants") at a price of $0.35 per Special Warrant for aggregate gross proceeds of $807,500 (the "Special Warrant Offering"). Each Special Warrant is convertible into one common share of the Company on the date that is the earlier of (i) the date which is four months and one day following the closing of the Special Warrant Offering; and (ii) the second business day after the date on which a receipt for the Company's final long form prospectus is issued by the British Columbia Securities Commission (the "BCSC"), which was received on March 23, 2022.

On September 22, 2021, the Company closed a subscription receipt financing by issuing 3,612,316 subscription receipts (the "Subscription Receipts") at a price of $0.35 per Subscription Receipt for aggregate gross proceeds of $1,264,331, which were held in escrow (the "Escrowed Funds") and included in restricted cash as reported on the consolidated statement of financial position as at January 31, 2022. Each Subscription Receipt was convertible into one common share of the Company upon filing of a final long form prospectus of the Company with certain provincial securities regulatory authorities in Canada in order to qualify the distribution of the common shares underlying the Subscription Receipts. On March 23, 2022, the Subscription Receipts were converted into common shares of the Company. The Company incurred cash share issuance costs of $21,766 in conjunction with the Subscription Receipts offering.

On October 1, 2021, the Company closed a second special warrant financing by issuing 1,224,284 special warrants ("Second Special Warrants") at a price of $0.35 per Second Special Warrant for aggregate gross proceeds of $428,500 (the "Second Special Warrant Offering"). Each Second Special Warrant is convertible into one common share of the Company on the date that is the earlier of (i) the date which is four months and one day following the closing of the Second Special Warrant Offering; and (ii) the second business day after the date on which a receipt for the Company's final long form prospectus is issued by the BCSC, which was received on March 23, 2022. The Company incurred cash share issuance costs of $15,798 in conjunction with the Second Special Warrant Offering.

c) Escrow shares

Upon the issuance of 7,143,742 common shares for the conversion of subscription receipts and special warrants, 2,800,001 common shares were placed into escrow. The shares will be released as 10% on CSE listing, and 15% every 6 months thereafter. At January 31, 2023, there were 2,100,001 common shares in escrow (2022 – Nil).

10. RESERVE

a) Stock Options

During the year ended January 31, 2023, the Company recognized stock-based compensation of $98,153 (2022 - $190,891) related to the vesting of previously granted options.

(Expressed in Canadian Dollars)

10. RESERVE (continued)

A continuity schedule of the Company's outstanding stock options for the year ended January 31, 2023 and 2022 are as follows:

	January 31, 2023		January 31, 2022	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**3,832,500**	**$ 0.15**	**-**	**$ -**
Granted	-	-	3,832,500	0.15
Expired	(10,000)			
Outstanding, end of year	**3,822,500**	**$ 0.15**	**3,832,500**	**$ 0.15**
Exercisable, end of year	**2,286,250**	**$ 0.15**	**950,000**	**$ 0.15**

At January 31, 2023, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
April 30, 2026	2,872,500	1,436,250	$ 0. 15	3.25
May 12, 2026	750,000	750,000	$ 0. 15	3.28
August 30, 2026	200,000	100,000	$ 0. 15	3.58
	3,822,500	2,286,250	$ 0. 15	3.27

b) Special warrants

At January 31, 2023, the Company had no special warrants outstanding.

At January 31, 2022, the Company had 3,531,426 special warrants outstanding (Note 9). Each special warrant was convertible into one common share of the Company on the date that is the earlier of (i) the date which is four months and one day following the closing of the Special Warrant Offering; and (ii) the second business day after the date on which a receipt for the Company's final long form prospectus is issued by the British Columbia Securities Commission (the "BCSC"), which was received on March 23, 2022.

11. RELATED PARTY TRANSACTIONS

The Company's related parties consist of its key management personnel, including its directors and officers.

On January 1, 2021, the Company entered into an Executive Consulting Agreement (the "Consulting Agreement") with a consultant (the "Consultant) to provide Chief Executive Officer ("CEO") services to the Company in exchange for US$11,250 per month. The Consulting Agreement can be terminated at any time by the Company or the Consultant by giving 30 days written notice to the other party.

During the year ended January 31, 2023, the Company paid or accrued total consulting fees of $177,590 to the CEO (2022 - $171,707). An amount of $133,374 (2022 - $171,707) was capitalized in exploration and evaluation assets as it relates to project management on the property (Note 6) and $44,216 (2022 - $Nil) was expensed as consulting fees.

During the year ended January 31, 2023, the Company paid or accrued total administrative fees of $28,000 to the Chief Financial Officer (2022 - $Nil).

During the year ended January 31, 2023, the Company recognized stock-based compensation for directors and officers of $39,597 (2022 - $70,120).

During the year ended January 31, 2022, the Company issued 1,000,000 common shares for gross proceeds of $20,000 to the Chief Executive Officer (Note 9).

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

		January 31, 2023		January 31, 2022
Financial assets:				
Fair value through profit and loss				
Cash and restricted cash	$	113,346	$	1,825,398
Financial liabilities:				
Amortized cost				
Accounts payable	$	57,154	$	133,072
Loans payable		-		138,595

The fair values of the Company's accounts payable and loans payable approximate their carrying amounts due to the short-term nature of these instruments.

b) Management of financial risks

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. At January 31, 2023, the Company was exposed to credit risk on its cash.

The Company's cash is held with a high credit quality financial institution as at January 31, 2023, management considers its exposure to credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At January 31, 2023, the Company had cash and restricted cash of $113,346 and $Nil (January 31, 2022 – $561,087 and $1,264,311) respectively, and current liabilities of $84,977 (January 31, 2022 – $314,402) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities at January 31, 2023. The Company assessed its liquidity risk as moderate as at January 31, 2023.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at January 31, 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. As at January 31, 2023, management considers its exposure to foreign currency risk to be low.

13. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity composed of issued share capital. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's management of capital during the year ended January 31, 2023.

(Expressed in Canadian Dollars)

14. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	January 31, 2023 $	January 31, 2022 $
Net loss for the period	(555,656)	(1,729,953)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(150,027)	(467,087)
Tax effect of:		
Non-deductible items and other	22,331	266,212
Change in unrecognized deferred income tax assets	127,696	200,875
Income tax provision	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	January 31, 2023 $	January 31, 2022 $
Deferred income tax assets		
Non-capital losses carried forward	340,759	214,414
Share issuance costs	9,293	7,942
Unrecognized deferred income tax assets	(350,052)	(222,356)
Net deferred income tax asset	-	-

As at January 31, 2023, the Company has non-capital losses carried forward of $1,262,072, which are available to offset future years' taxable income. These losses expire between 2039 and 2043.

15. SUBSEQUENT EVENTS

On May 9, 2023, the Company entered into a definitive assignment and assumption agreement (the "Definitive Agreement) with Angold Resources Ltd. ("Angold") and two of its wholly-owned subsidiary companies (collectively, the "Subsidiaries'). Pursuant to the terms of the Definitive Agreement, the Subsidiaries have assigned (the "Assignment") to Elkhorn Gold Exploration LLC, a wholly-owned subsidiary of the Company, all rights to the contractual arrangements (collectively, the "Option Agreements') pursuant to which the Subsidiaries hold the rights to acquire the Iron Butte Project, located in Lander County, Nevada and the Hope Butte Project, located in Malheur County, Oregon. In consideration for the Assignment, the Company has issued 10,000,000 common shares (the "Consideration Shares") to Angold, and has assumed all obligations of the Subsidiaries with respect to the Option Agreements. The Consideration Shares are subject to an escrow arrangement until May 18, 2024, during which time they may not be traded.

On May 10, 2023, The Company approved a new long-term incentive plan (the "Incentive Plan") which replaces the existing stock option plan of the Company and allows for the grant of incentive stock options and restricted share units ("RSUs"). Pursuant to the terms of the Incentive Plan, the Company has granted a total of 850,000 incentive stock options (the "Options") and 1,000,000 RSUs to certain directors, officers and consultants of the Company. The Options vest immediately and are exercisable at a price of $0.06 until May 10, 2028. The RSUs vest and will be settled in an equivalent number of common shares of the Company on September 11, 2023.