ACME GOLD COMPANY LIMITED

FINANCIAL STATEMENTS

(Presented in Canadian Dollars)

For the Years ended

September 30, 2022 and 2021

ACME GOLD COMPANY LIMITED
(Presented in Canadian dollars)

CONTENTS

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Acme Gold Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Acme Gold Company Limited (the "Company"), which comprise the statements of financial position as at September 30, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 in the financial statements, which indicates that the Company needs to both manage expenditures and to raise additional funds. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 audits.

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 James D. Gray

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
December 16, 2022

ACME GOLD COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian dollars)

		As at: September 30, 2022		2021
ASSETS				
Current assets				
Cash (Note 4)	$	152,768	$	79,561
Receivable (Note 5)		15,781		4,815
Advance (Note 6)		-		13,125
Prepaid expenses (Note 7)		-		23,000
		168,549		120,501
Exploration and Evaluation Asset (Note 8)		207,683		87,820
	$	376,232	$	208,321
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	10,279	$	30,000
Shareholders' equity				
Share capital (Note 9)		506,467		212,001
Share-based payments reserve (Note 11)		72,400		30,000
Deficit		(212,914)		(63,680)
		365,953		178,321
	$	376,232	$	208,321

Nature of Operations and Going Concern (Note 1)
Related Party Transactions (Note 12)
Subsequent Events (Note 18)

These financial statements were approved by the Board of Directors on December 16, 2022.

On behalf of the Board of Directors:

"*Donald Crossley*" Director
Donald Crossley

"*Jason Weber*" Director
Jason Weber

See accompanying notes to the financial statements.

ACME GOLD COMPANY LIMITED
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian dollars)

	Year Ended September 30, 2022	Year Ended September 30, 2021
EXPENSES		
Management fees (Note 12)	$ 18,000	$ 12,000
Office and miscellaneous	472	207
Professional fees (Note 12)	88,146	19,535
Regulatory fees	25,316	-
Share-based compensation (Note 11)	14,800	30,000
Transfer agent fees	2,500	-
Loss and comprehensive loss for the year	$ (149,234)	$ (61,742)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	10,508,700	7,027,535

See accompanying notes to the financial statements.

ACME GOLD COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Presented in Canadian dollars)

	Number of Shares		Share Amount		Share-based payments reserve		Deficit		Total
Balance September 30, 2020	1	$	1	$	-	$	(1,938)	$	(1,937)
Founders' shares issued	2,000,000		10,000		30,000		-		40,000
Share units issued for cash	6,900,000		210,000		-		-		210,000
Share units issued for finder's fee	195,000		9,750		-		-		9,750
Share units issue costs	-		(17,750)		-		-		(17,750)
Loss and comprehensive loss for the year	-		-		-		(61,742)		(61,742)
Balance September 30, 2021	9,095,001	$	212,001	$	30,000	$	(63,680)	$	178,321
Share issued for cash	4,000,000		400,000		-		-		400,000
Share issue costs	-		(105,534)		27,600		-		(77,934)
Share-based payments									
- stock options granted	-		-		14,800		-		14,800
Loss and comprehensive loss for the year	-		-		-		(149,234)		(149,234)
Balance September 30, 2022	13,095,001	$	506,467	$	72,400	$	(212,914)	$	365,953

See accompanying notes to the financial statements.

ACME GOLD COMPANY LIMITED
STATEMENTS OF CASH FLOWS
(Presented in Canadian dollars)

	Year ended September 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (149,234)	$ (61,742)
Non-cash expense:		
Share-based compensation	14,800	30,000
Changes in non-cash working capital items:		
Receivable	(10,966)	(4,815)
Advance	13,125	(13,125)
Prepaid expenses	23,000	(23,000)
Accounts payable and accrued liabilities	(19,721)	28,062
Net cash used in operating activities	(128,996)	(44,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of founders' common shares	-	10,000
Issuance of common share units	-	210,000
Issuance of common shares	400,000	-
Share issue costs	(77,934)	(8,000)
Net cash provided by financing activities	322,066	212,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net	(119,863)	(87,820)
Net cash used in investing activities	(119,863)	(87,820)
Change in cash during the year	73,207	79,560
Cash, beginning of year	79,561	1
Cash, end of year	$ 152,768	$ 79,561

Supplemental Information with Respect to Cash Flows (Note 14)

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Acme Gold Company Limited (the "Company") was incorporated under the laws of British Columbia, Canada, on September 25, 2020. The Company's head office address is 992 East 13th Avenue, Vancouver, BC, V5T2L6. The registered and records office address is Suite 1170, 1040 West Georgia Street, Vancouver, BC, Canada, V6E4H1.

Effective May 24, 2022, the Company obtained a listing on the Canadian Securities Exchange ("CSE") under the symbol "AGE", and commenced trading on May 26, 2022.

The Company is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the future discovery, development, and sale of minerals, upon the ability to raise sufficient capital to finance these activities, and/or upon the sale of these properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of common shares or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

As at September 30, 2022, the Company had working capital of $158,270 (September 30, 2021: working capital of $90,501) and shareholders' equity of $365,953 (September 30, 2021: shareholders' equity of $178,321).

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards 1, *Presentation of Financial Statements* ("IAS 1") using accounting policies consistent 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").

Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Any transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss. The Company did not have any foreign currency transactions.

Basis of preparation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2022 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

IAS 1 - *Presentation of Financial Statements*

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

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

<u>Critical judgments</u>
The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable;
- the determination that there are no restoration, rehabilitation, and environmental costs to be accrued; and
- the determination that the functional currency of the Company is the Canadian dollar.

Impairment

At each financial position reporting date, the carrying amounts of the Company’s non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of comprehensive loss for the period. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial Assets

On initial recognition financial assets are classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

Amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

FVOCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

FVTPL
Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

The Company's cash and cash equivalents are classified at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at FVTPL or amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled, or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling, and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Decommissioning, restoration, and similar obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at September 30, 2022, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date has been restored.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. The fair value of common shares issued is measured with reference to the value associated with cash financings involving arm’s-length parties. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Share-based compensation transactions

Stock option plans allow the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Income taxes

Income tax on the loss for the periods presented comprises current and deferred tax. Income tax is recognized in the loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax assets or liabilities arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Related party transactions

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

4. CASH

All cash balances are denominated in Canadian dollars and held in deposits at a Canadian chartered bank.

5. RECEIVABLE

The receivable amounts relate to Canadian refundable value added taxes.

6. ADVANCE

The Company paid an advance fee of $13,125 to a securities dealer to act as its agent in connection with the listing on the CSE. The CSE listing was completed on May 26, 2022, and this advance was applied against the share issue costs charged by the securities dealer during the year ended September 30, 2022.

7. PREPAID EXPENSES

The Company has incurred certain legal and agent’s fees in connection with the listing on the CSE. The CSE listing was completed on May 26, 2022, and the prepaid amount was applied against the share issue costs charged by the securities dealer during the year ended September 30, 2022.

(Presented in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSET

On February 18, 2021, the Company entered into a mineral property Option Agreement (the "Agreement") with Orogen Royalties Inc ("Orogen"). Pursuant to the Agreement, the Company has an option to acquire a 100% interest in the mineral claims known as the Lemon Lake Property (the "Property"), located in the Cariboo Mining District of British Columbia, by making a series of cash payments totaling $575,000 to Orogen over a period of 5 years. In addition, the Company must commit to undertaking exploration work of $3 million on the Property during that period. Orogen will retain a 1% Net Smelter Return ("NSR") on the Property after completion of the earn-in; the Company can purchase 0.25% of the NSR for $1.5 million. Furthermore, the Company must make cash payments totaling $700,000 to underlying vendors of the Property upon reaching specified dates and milestones. The underlying vendors also retain a 2% NSR, 1.25% of which can be purchased for $2.5 million.

The Property cash payments and work commitment are summarized as follows:

Date	Cash Payment	Exploration Work Commitment – Incremental Amounts by Year
February 18, 2022	-	$75,000
February 18, 2023	$10,000	$75,000
February 18, 2024	$65,000	$350,000
February 18, 2025	$100,000	$1,000,000
February 18, 2026	$400,000	$1,500,000
	$575,000	$3,000,000

As of September 30, 2022, the Company has spent a cumulative amount of $224,982 in exploration work on the Property, excluding acquisition costs and prior to any claim for the mining exploration tax credit, thereby fulfilling the February 18, 2023 cumulative work commitment. The amount of $74,982, being the amount incurred in excess of the required $150,000 February 18, 2023 cumulative work commitment, will be applied to the February 18, 2024 work commitment.

The Agreement requires the Company to make cash payments to underlying vendors of the Property at specific dates and milestones, summarized as follows:

Date or Milestone	Cash Payment
February 18, 2022	$7,500[(1)]
February 18, 2023	$17,500
Completion of 10,000 metres of drilling	$25,000
Announcing resource estimate of 200 million tonnes grading at least 0.5% copper equivalent	$150,000
Announcing commercial production	$500,000
	$700,000

(1) Paid February 8, 2022.

(Presented in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSET (continued)

Exploration and evaluation expenditures

The underlying Property vendors and Orogen retain a 3% NSR on mineral production from the Property, which can be bought down to 1.5% for $4 million, summarized as follows:

Vendor	Initial NSR	Buy-down Amount	Post Buy-down NSR
Underlying Vendor #1	1.00%	$1,000,000	0.50%
Underlying Vendor #2	1.00%	$1,500,000	0.25%
Orogen	1.00%	$1,500,000	0.75%
	3.00%	$4,000,000	1.50%

Exploration and evaluation expenditures were incurred as follows:

	September 30, 2022	2021
Exploration Costs	2022	2021
Balance, beginning of year	$ 87,820	$ -
Acquisition cost	7,500	-
Assays and sampling	11,545	5,030
Camp, travel, and transportation	13,032	3,739
Data compilation and mapping	300	5,525
Drilling	79,221	-
Field equipment rentals	10,944	2,803
Field supplies	326	863
Geochemical and petrology	-	9,881
Geological consulting	19,912	26,804
Reclamation and remediation	397	-
Reporting and analysis	-	7,175
Shipping and storage	1,485	-
Surveying	-	26,000
	144,662	87,820
Mining exploration tax credit	(24,799)	-
Balance, end of year	$ 207,683	$ 87,820

(Presented in Canadian dollars)

9. SHARE CAPITAL

Authorized: Unlimited common shares without par value.

Fiscal 2022 Transactions:

On May 25, 2022, pursuant to an Agency Agreement, the Company completed a brokered public offering and a subsequent listing on the CSE, with the issuance of 4,000,000 common shares at a price of $0.10 per share for cash proceeds of $400,000. In connection with this financing, the Company incurred cash share issue costs of $77,934, including the broker-agents' fees and commissions of $55,000, legal fees of $18,609, and other related costs of $4,325. Pursuant to the Agency Agreement, the Company also incurred non-cash share issue costs related to 400,000 stock options granted to the broker-agent with a fair value of $27,600. (See Note 11)

Fiscal 2021 Transactions:

On October 23, 2020, the Company issued founders 2,000,000 common shares at a price of $0.005 per share for cash proceeds of $10,000. The founders' shares had a fair value of $40,000 and as a result, the Company recorded share-based compensation of $30,000 and a corresponding increase to share-based payments reserve.

On November 27, 2020, pursuant to private placement subscription agreements, the Company issued 4,500,000 common share units at a price of $0.02 per share unit for cash proceeds of $90,000. Each share unit consists of one common share and one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 for a period of 3 years starting from the date the Company obtained its listing on the CSE.

On March 25, 2021, pursuant to private placement subscription agreements, the Company issued 2,400,000 common share units at a price of $0.05 per share unit for cash proceeds of $120,000. Each share unit consists of one common share and one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 for a period of 3 years starting from the date the Company obtained its listing on the CSE. In connection with this private placement, the Company agreed to pay a finder's fee by the issuance of 195,000 common share units valued at $9,750.

In connection with the issuance of the common shares and warrants, the Company incurred cash share issue costs in the amount of $8,000.

At September 30, 2022, there were 2,362,501 common shares and 1,012,500 common share warrants subject to escrow agreements. Pursuant to the escrow agreements, these securities will be released from escrow semi-annually at a rate of 393,750 common shares and 168,750 common share warrants.

10. WARRANTS

As at September 30, 2022, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
4,500,000	$0.05	May 26, 2025
2,595,000	$0.05	May 26, 2025
7,095,000	$0.05	

(Presented in Canadian dollars)

10. WARRANTS (continued)

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2020	-	$ -
Issued November 27, 2020	4,500,000	0.05
Issued March 25, 2021	2,595,000	0.05
Balance, September 30, 2021 and September 30, 2022	7,095,000	$ 0.05

11. SHARE-BASED PAYMENTS RESERVE

Stock option plan

The Company grants stock options to directors, officers, employees, and consultants pursuant to the Company's Stock Option Plan (the "Plan"). The number of options that may be issued pursuant to the Plan are limited to 10% of the Company's issued and outstanding common shares, and to other restrictions with respect to any single participant (not greater than 5% of the issued common shares), or any one consultant (not greater than 2% of the issued common shares), or consultants performing investor relations activities (not greater than 1% of the issued common shares).

Vesting provisions may also be applied to other option grants, at the discretion of the directors. Options issued pursuant to the Plan will have an exercise price as determined by the directors, and permitted by the regulatory authorities, at the time of the grant. Options have a maximum expiry date of 10 years from the grant date.

Share-based compensation

As at September 30, 2022, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
400,000	$0.10	May 25, 2025
400,000	$0.10	October 31, 2026
800,000	$0.10	

(Presented in Canadian dollars)

11. SHARE-BASED PAYMENTS RESERVE (continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2021	-	$ -
Issued October 31, 2021	400,000	0.10
Issued May 25, 2022	400,000	0.10
Balance, September 30, 2022	800,000	$ 0.10

During the year ended September 30, 2022, the Company granted stock options as follows:

a) On October 31, 2021, the Company granted 400,000 options to directors and officers of the Company, at an exercise price of $0.10 per share, with a 5-year term, expiring on October 31, 2026. The options were fully vested at the date of grant.

The fair value of these stock options was estimated to be $14,800 based on calculations using the Black Scholes pricing model. The inputs used in the Black Scholes calculation for the October 31, 2021 options are as follows:

Share price	$0.05
Risk-free interest rate	1.50%
Expected life	5 years
Dividend rate	Nil
Annualized volatility	114.74%

b) On May 25, 2022, in connection with the brokered public offering, the Company granted 400,000 options to the broker-agent, at an exercise price of $0.10 per share, with a 3-year term, expiring on May 25, 2025. The options were fully vested at the date of grant.

The fair value of these stock options was estimated to be $27,600 based on calculations using the Black Scholes pricing model. The inputs used in the Black Scholes calculation for the May 25, 2022 options are as follows:

Share price	$0.10
Risk-free interest rate	2.54%
Expected life	3 years
Dividend rate	Nil
Annualized volatility	113.87%

(Presented in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

The Company's related parties consist of key management personnel who are executive officers and/or directors of the Company.

The Company incurred the following fees in connection with transactions with key management personnel.

	Year ended September 30, 2022		Year ended September 30, 2021	
Share-based compensation	$	14,800	$	30,000
Management fees	$	18,000	$	12,000
Exploration and evaluation expenditures	$	-	$	32,329

On January 1, 2021, the Company entered into a management agreement with a director and officer of the Company, whereby the Company will pay a quarterly management fee of $4,500. At the discretion of this director and officer, this fee was reduced to $12,000 for the year ended September 30, 2021.

On March 8, 2021, the Company entered into a Geological Services Agreement with a director of the Company, who is a professional geologist, whereby the director provided geological services for the initial exploration of the Company's Lemon Lake Property. This agreement ended with the completion of the initial exploration programme in September 2021. The costs of the provided geological services are included in the exploration and evaluation expenditures of the Company's Exploration and Evaluation Asset.

During the year ended September 30, 2022, the Company paid or accrued legal fees in the amount of $62,012 (September 30, 2021 - $30,000) to a company controlled by a family member of a director and officer of the Company.

Accounts payable and accrued liabilities includes $5,318 (September 30, 2021 - $30,000) owed to related parties.

On October 31, 2021, the Company granted 400,000 options to directors and officers of the Company. The Company recorded an amount of $14,800 as share-based compensation for these options for the year ended September 30, 2022.

On October 23, 2020, the Company issued founders 2,000,000 common shares with a fair value of $40,000 to directors, an officer, and a family member of a director and officer of the Company for cash proceeds of $10,000. Accordingly, the Company recorded an amount of $30,000 as share-based compensation for the year ended September 30, 2021.

13. SEGMENTED INFORMATION

The Company operates primarily in Canada, is an exploration stage company, and is engaged principally in the acquisition and exploration of mineral properties.

14. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

During the year ended September 30, 2022, the Company incurred a non-cash share issue cost through the grant of 400,000 stock options to the broker-agent with a fair value of $27,600; and incurred a non-cash expense through the grant of 400,000 stock options to directors and officers with a fair value of $14,800.

During the year ended September 30, 2021 the Company incurred a non-cash share issue cost through the issuance 195,000 share units with a value of $9,750 as a finder's fee.

There were no other non-cash investing or financing activities for the years presented.

15. FINANCIAL INSTRUMENTS

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

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payables approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk
Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies.

15. FINANCIAL INSTRUMENTS (continued)

Financial instrument risk exposure and risk management (continued)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

a) Interest rate risk – The Company has nominal cash balances. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

b) Foreign currency risk – The Company may be exposed to foreign currency risk on fluctuations of currency related to monetary items with a settlement currency other than Canadian dollars. Currently the Company is not exposed to foreign currency risk.

c) Price risk – The Company may be exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

16. CAPITAL RISK MANAGEMENT

The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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 may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

To maximize ongoing development efforts, the Company does not pay out dividends. The Company's approach to managing capital remains unchanged from the year ended September 30, 2021.

(Presented in Canadian dollars)

17. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes follows:

	2022	2021
Loss before income taxes	$ (149,234)	$ (61,742)
Expected income tax recovery	(40,293)	(16,670)
Effect of deductible and non-deductible amounts	(17,096)	3,307
Change in unrecognized deductible temporary difference	57,389	13,363
Total income tax recovery	$ -	$ -

Significant components of the Company's deferred tax assets that have not been recognized are as follows:

	2022	2021
Deferred tax assets		
Non-capital loss carry-forwards	$ 53,075	$ 10,052
Share issue costs	19,709	3,834
Exploration and evaluation assets	(1,509)	-
Unrecognized deferred tax asset	$ 71,275	$ 13,886

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2022	Expiry date range
Temporary differences		
Non-capital loss carry-forwards	$ 196,575	2040 - 2042
Share issue costs	72,997	No expiry date
Exploration and evaluation assets	$ 202,093	No expiry date

18. SUBSEQUENT EVENTS

On November 24, 2022, there was a semi-annual release from escrow of 393,750 common shares and 168,750 common share warrants.