OPAWICA EXPLORATIONS INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023, AND 2022

(Expressed in Canadian Dollars)

Charlton
+Company

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Opawica Explorations Inc.

Opinion

We have audited the accompanying consolidated financial statements of Opawica Explorations Inc. (the "Company"), which comprise the consolidated statement of financial position as at August 31, 2023 and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023, and its financial performance and its cash flows for the year 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 Consolidated 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 consolidated 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 of the consolidated financial statements, which indicates that the Company incurred a net loss of $2,004,589 during the year ended August 31, 2023 and, as of that date, the Company's accumulated deficit was $43,650,631. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Opawica Explorations Inc. for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on January 20, 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Assessment of Impairment of Exploration and Evaluation Assets</u>

As described in Note 5 of the consolidated financial statements, the carrying amount of the Company's exploration and evaluation assets is $4,285,127 as at August 31, 2023 and includes $747,612 of impairment. As more fully described in Note 3 to the financial statements, management assesses for indicators of impairment at each statement of financial position date.

The assessment of impairment indicators of exploration and evaluation assets is identified as a key audit matter due to significant judgment made by management, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in this area that could give rise to the requirement to prepare an estimate of the recoverable amount of the exploration and evaluation assets.

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

- Evaluating management's assessment of impairment indicators;
- Evaluating the intent for the exploration and evaluation assets through discussion and communication with management;
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and flow through share obligations; and
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
December 22, 2023

OPAWICA EXPLORATIONS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	**Notes**	**August 31, 2023 $**	August 31, 2022 $
Assets			
Current assets			
Cash		**56,365**	271,867
Advance to purchase investments	13	**-**	220,000
Investments	13	**209,179**	-
Sales taxes receivable		**397,204**	448,904
Due from related party	12	**124,004**	124,004
Prepaid expenses		**13,683**	40,683
		800,435	1,105,458
Non-current assets			
Long-term deposit		**34,800**	136,166
Exploration and evaluation assets	5	**4,285,127**	4,369,729
Equipment		**5,443**	6,517
Total assets		**5,125,805**	5,617,870
Liabilities			
Current liabilities			
Trade and other payables	12	**368,503**	318,374
Flow-through premium liability	7	**-**	308,581
Provision for indemnity	7	**192,883**	-
Loan payable	6	**40,000**	-
		601,386	626,955
Non-current liabilities			
Provision for indemnity	7	**540,093**	-
Loan payable	6	**-**	40,000
Total liabilities		**1,141,479**	666,955
Shareholders' Equity			
Share capital	8	**44,269,086**	43,231,086
Share subscriptions	8	**(11,500)**	(11,500)
Reserves	8	**3,377,371**	3,377,371
Accumulated deficit		**(43,650,631)**	(41,646,042)
Total shareholders' equity		**3,984,326**	4,950,915
Total liabilities and shareholders' equity		**5,125,805**	5,617,870

Nature and continuance of operations (Note 1)
Commitments (Note 12)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 22, 2023, and are signed on its behalf by:

/s/"Blake Morgan" Director * /s/"Philippe Havard"* Director

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

OPAWICA EXPLORATIONS INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the years ended	**Notes**	**August 31, 2023**	August 31, 2022
		$	$
Expenses			
Depreciation		**1,222**	1,527
Employee costs	10	**510,287**	918,582
General and administrative	10	**208,213**	1,525,935
		(719,722)	(2,446,044)
Unrealized loss on investment	13	**(10,821)**	-
Interest Income		**1,046**	10,655
Flow-through premium recovery	7	**308,581**	625,814
Indemnity and Part XII.6 tax on flow-through	7	**(732,976)**	-
Write-off of exploration and evaluation assets	5	**(747,612)**	(921,274)
Write-off of sales tax receivable		**(103,085)**	-
Gain on sale of exploration and evaluation assets	5	**-**	90,000
Net loss and comprehensive loss for the year		**(2,004,589)**	(2,640,849)
Loss per common share, basic and diluted		**(0.29)**	(0.65)
Weighted average number of common shares outstanding*		**7,031,832**	4,054,969

*Weighted average calculations were adjusted for a 10:1 share consolidation (Note 8)

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

OPAWICA EXPLORATIONS INC.
CONSOLIDATED STATEMETS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Number of Shares*	Share capital $	Share subscriptions $	Reserves $	Accumulated deficit $	Total $
Balance at August 31, 2021	**3,744,247**	**41,737,081**	**-**	**3,206,458**	**(39,005,193)**	**5,938,346**
Loss for the year	-	-	-	-	(2,640,849)	(2,640,849)
Shares issued for private placements	363,863	2,001,250	-	-	-	2,001,250
Shares issued for option exercises	10,000	21,587	(11,500)	(10,087)	-	-
Shares issued for exploration and evaluation assets	60,000	165,000	-	-	-	165,000
Share issuance costs	-	(148,037)	-	19,000	-	(129,037)
Flow-through premium	-	(545,795)	-	-	-	(545,795)
Share-based payments	-	-	-	162,000	-	162,000
Balance at August 31, 2022	**4,178,110**	**43,231,086**	**(11,500)**	**3,377,371**	**(41,646,042)**	**4,950,915**
Loss for the year	-	-	-	-	(2,004,589)	(2,004,589)
Shares issued for exploration and evaluation assets	1,000,000	400,000	-	-	-	400,000
Shares issued for private placements	6,379,998	638,000	-	-	-	638,000
Balance at August 31, 2023	**11,558,108**	**44,269,086**	**(11,500)**	**3,377,371**	**(43,650,631)**	**3,984,326**

*Post 10:1 share consolidation (Note 8)

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

OPAWICA EXPLORATIONS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian Dollars)

For the years ended	Notes	August 31, 2023	August 31, 2022
		$	$
Cash flows from operating activities			
Net loss for the year		**(2,004,589)**	(2,640,849)
Items not involving cash:			
Depreciation		**1,222**	1,527
Share-based payments	9	**-**	162,000
Write-off of exploration and evaluation assets	5	**747,612**	921,274
Gain on sale of exploration and evaluation assets	5	**-**	(90,000)
Flow-through premium recovery	7	**(308,581)**	(625,814)
Indemnity and Part XII.6 tax on flow-through	7	**732,976**	-
Unrealized loss on investment	13	**10,821**	-
Write-off of sales tax receivable		**103,085**	-
Changes in non-cash working capital items:			
Sales tax receivable		**(51,385)**	(425,373)
Due from related party		**-**	(124,004)
Prepaid expenses		**27,000**	127,377
Trade and other payables		**(90,728)**	51,977
Total cash flows used in operating activities		**(832,567)**	(2,641,885)
Cash flows from investing activities			
Expenditures on exploration and evaluation assets, including long-term deposit made		**(20,787)**	(2,040,584)
Advance on investment of marketable securities		**-**	(220,000)
Purchase of equipment		**(148)**	(408)
Proceeds from sale of exploration and evaluation assets		**-**	90,000
Total cash flows used in investing activities		**(20,935)**	(2,170,992)
Cash flows from financing activities			
Proceeds from share issuance	8	**638,000**	2,001,250
Share issuance costs		**-**	(129,037)
Total cash flows provided by financing activities		**638,000**	1,872,213
Change in cash during the year		**(215,502)**	(2,940,664)
Cash, beginning of year		**271,867**	3,212,531
Cash, end of year		**56,365**	271,867
Supplemental Cash Flow Information			
Interest paid		-	2,075
Taxes paid		-	-

Non-cash investing and financing activities (Note 16)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Opawica Explorations Inc. (the "Company" or "Opawica") was incorporated under the *Business Corporations Act* (Ontario) on September 17, 1975 and was continued into British Columbia by Certificate of Continuation issued under the *Business Corporations Act* (British Columbia) on September 29, 2006. Opawica Explorations Inc.'s business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange, having the symbol OPW-V, as a Tier 2 mining issuer. The address of the Company's corporate office and principal place of business is Suite 488 – 625 Howe Street, Vancouver, British Columbia, Canada.

On October 13, 2022, the Company acquired all of the issued and outstanding common shares of 1381766 B.C. Ltd. ("1381766") a private British Columbia corporation which holds the rights to an exploration property located in British Columbia. The acquisition of 1381766 was accounted for as an asset acquisition (Note 5).

On March 8, 2023, the Company consolidated its common shares on a 10:1 basis (Note 8).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern is dependent upon its ability to obtain financing and generate positive cash flows from its operations. To date, the Company has not generated revenue from operations and during the year ended August 31, 2023, the Company incurred a net loss of $2,004,589 (2022 - $2,640,849) and as at August 31, 2023, the Company had an accumulated deficit of $43,650,631 (2022 - $41,646,042). The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Over the past year, global stock markets have experienced volatility and a significant weakening in the aftermath of COVID-19. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Volatility in financial markets subsequent to August 31, 2023 may have a significant impact on the Company's financial position. The duration and impact of the higher inflationary environment, as well as the effectiveness of government and central bank responses, remains unclear at this time.

2. BASIS OF PREPARATION

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").

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. The Company's presentation currency is the Canadian dollar, which is the Company and its subsidiary's functional currency.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, 1381766, a company incorporated in British Columbia. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of these consolidated financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand and demand deposits with financial institutions.

b) Exploration and Evaluation Assets

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore an exploration and evaluation asset has been acquired, all costs related to the acquisition of the property and exploration on the property are capitalized on a property-by-property basis. All expenditures are capitalized until such time the properties are placed into commercial production, sold, abandoned or impaired.

Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties for impairment and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Exploration and Evaluation Assets (Continued)

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the existence of economically recoverable reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represents costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

c) Equipment

Equipment is recorded at cost, less accumulated depreciation and impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item. Depreciation is calculated using the following rates and methods:

Computer equipment	20% straight line basis
Office furniture and equipment	20% declining balance basis

d) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. Equipment is regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value-in-use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value-in-use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company’s financial instruments are valued.

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

Level 2 – Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based upon observable market data.

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 judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss); and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“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 cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

- <u>Amortized cost:</u> 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.

- <u>Fair value through OCI</u> ("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 not 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.

- <u>Fair value through profit or loss:</u> 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 in the period in which it arises.

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 of 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 the twelve month expected credit losses. The Company shall recognize in the 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.

The Company derecognizes financial assets only when the contractual rights to cash flow 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.

The Company's financial assets consist of cash and investments which are classified as FVTPL, and its due from related party balance classified as amortized cost. The Company does not have any assets classified as FVOCI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Financial Liabilities

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- 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 fair value change to financial liabilities at FVTPL are presented as follows:

- The amount of the 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.

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's financial liabilities include its trade and other payables, provision for indemnity, and loan payable, which are classified as amortized cost. The Company does not designate any financial liabilities at FVTPL.

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

g) Restoration 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 the related asset 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 Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Restoration and Environmental Obligations (Continued)

corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of loss and comprehensive loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production is charged to the statement of comprehensive loss in the period incurred.

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.

As of August 31, 2023 and 2022, the Company did not have any decommissioning liabilities.

h) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Equity instruments issued to agents as financing costs are measured at their fair value at their date of grant using the Black-Scholes Option Pricing Model.

Private placements

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share Capital (Continued)

share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program.

Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The derecognition of the liability is recorded as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may be subject to a Part XII.6 tax and additional indemnity provisions on flow-through proceeds renounced under the Government of Canada flow-through regulations when expenditure obligations are not met.

j) Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. This follows the treasury stock method in which the dilutive effect on loss per share is recognized based on the proceeds that could be obtained from the exercise of options, warrants, and similar instruments. It assumes the proceeds would be used to purchase common shares at the average market price during the year. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

k) Share-based Payments

Under the Company's stock option plan, it may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and are recognized over their vesting periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Share-based Payments (Continued)

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based payments is charged to profit or loss with a corresponding credit recorded to reserves. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. If any options expire unexercised, the value of these options remain in reserves.

The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Black-Scholes Option Pricing Model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

l) Foreign exchange

Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) 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. Parties are also considered to be related if they are subject to common control. 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.

n) Government Assistance

Government grants are recognized when the Company has reasonable assurance that it has complied with the relevant conditions of the grant and that it will be received. The Company recognizes the grants that compensate the Company for expenses incurred against the financial statement line item that it is intended to compensate, if the grant is recognized in the same period as the underlying transaction. Other grants are recognized as other income in the statement of loss and comprehensive loss.

o) New Accounting Standards Adopted

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of the amendment is not expected to have a significant impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Judgements

Acquisitions
Judgment is used when determining whether an acquisition is a business combination or an asset acquisition and when measuring the fair value of equity instruments issued as consideration.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Judgements (continued)

Exploration and evaluation expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

Going concern
As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

Estimates

Share-based payment transactions
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, and forfeiture rates, and making assumptions about them.

Useful lives of equipment
Depreciation of equipment is dependent upon estimates of useful lives and residual values, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Income tax
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Provision for indemnity
The Company utilizes significant judgement in assessing its compliance with relevant flow-through financing tax requirements including the determination of qualified eligible expenditures to reduce flow through spending obligations.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Cornwall BC	Quebec Arrowhead	Quebec Bazooka (East and West)	Quebec Richard Copper	NL Density, Eclipse, Mass	NL Chapel Island	NL Lil d'Espoir Lake	Total
	$	$	$	$	$	$	$	$
Balance, August 31, 2021	-	108,433	1,071,087	119,306	80,890	738,285	377,235	2,495,236
Exploration costs:								
Drilling	-	411,605	949,212	-	-	50,000	-	1,410,817
Geology	-	525,985	581,844	-	65,938	13,683	2,500	1,189,950
Subtotal	-	937,590	1,531,056	-	65,938	63,683	2,500	2,600,767
Acquisition Costs	-	-	-	-	-	-	195,000	195,000
Write-off of exploration and evaluation assets	-	-	-	(119,306)	-	(801,968)	-	(921,274)
Balance, August 31, 2022	**-**	**1,046,023**	**2,602,143**	**-**	**146,828**	**-**	**574,735**	**4,369,729**
Exploration costs:								
Geology	12,000	90,126	106,134	-	26,049	-	-	234,309
Subtotal	12,000	90,126	106,134	-	26,049	-	-	234,309
Acquisition costs	428,701	-	-	-	-	-	-	428,701
Write-off of exploration and evaluation assets	-	-	-	-	(172,877)	-	(574,735)	(747,612)
Balance, August 31, 2023	**440,701**	**1,136,149**	**2,708,277**	-	-	-	-	**4,285,127**

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Arrowhead and Bazooka East Properties (Quebec)

Pursuant to an agreement dated February 25, 2016, the Company acquired a 100% interest in the Arrowhead and Bazooka East claims located in northern Quebec, Canada. To earn its interest in the properties, the Company issued 38,700 (387,000 pre-consolidated) common shares of the Company (issued June 27, 2016) with a fair value of $464,400.

The Arrowhead property is subject to a 2% net smelter return ("NSR") royalty, of which the Company may purchase one half at any time for $1,000,000. The Bazooka East property is subject to a 2% NSR royalty, of which the Company may purchase one-half at any time for $1,000,000.

Pursuant to a geological consulting services agreement dated May 13, 2021, the Company has granted GoldSpot Discoveries Corp. ("GoldSpot") a 0.5% NSR royalty on production from the Bazooka property and the option to purchase an additional 0.5% NSR royalty on production from the Arrowhead and Bazooka properties for $1,000,000 each.

b) Bazooka West Property (Quebec)

The Company entered into an option agreement on July 27, 2016, to acquire a 100% interest in 24 mineral claims located in Beauchastel Township, Quebec, collectively known as the Bazooka West property. The Company exercised the option and earned a 100% interest on April 21, 2017, after paying a total of $65,000 and issuing 12,500 (125,000 pre-consolidated) common shares.

c) Bro Property (Yukon Territory)

During the year ended August 31, 2022, the Company optioned out its 100% interest in the Bro Property and received $90,000 in cash which was recorded as a gain on sale of exploration and evaluation assets, as the property had previously been written down to $nil.

d) Density, Eclipse and Mass Properties (Newfoundland)

Pursuant to an agreement dated October 23, 2020, the Company entered into an exploration, development and mine operating agreement with Crest Resources Inc. ("Crest") whereby the parties staked claims in the Newfoundland area that were prospective for gold mineralization. The Company staked 906 claims under this agreement, known as the Density, Eclipse and Mass properties of which the Company was to hold an initial 70% interest and Crest would hold the remaining 30% interest. The claims were held in trust and the parties planned to transfer them to a joint venture company.

Pursuant to a geological consulting services agreement dated May 13, 2021, the Company granted GoldSpot the option to purchase a 0.5% NSR royalty on production from the Density, Eclipse and Mass properties for $1,000,000 each.

During the year ended August 31, 2023, the Company had no further plans for the Density, Eclipse and Mass properties wrote the balance down to $nil accordingly.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

e) Richard Copper Property (Quebec), Chapel Island and Lil d'Espoir Lake Properties (Newfoundland)

Pursuant to an agreement dated February 11, 2021, the Company has acquired a 100% interest in the Lil d'Espoir Lake, Chapel Island and Richard Copper properties.

The Lil d'Espoir Lake and Chapel Island properties are subject to a 1.5% NSR royalty of which the Company may purchase 0.75% for $1,000,000 at any time, and the Richard Copper property is subject to a 1% NSR. Pursuant to a geological consulting services agreement dated May 13, 2021, the Company has granted GoldSpot the option to purchase a 0.5% NSR royalty on production from the Richard Copper, Chapel Island and Lil d'Espoir Lake properties for $1,000,000 each.

Pursuant to an agreement dated October 14, 2021, the Company agreed to acquire a 100% interest in Mineral License 33337M located beside the Company's Lil d'Espoir Lake property claim blocks for consideration of $30,000 and 60,000 (600,000 pre-consolidated) common shares of the Company. The shares were issued on January 7, 2022, with a fair value of $165,000, and the cash payment was made on January 17, 2022.

During the year ended August 31, 2022, the Company had no further plans for Chapel Island and Richard Copper properties and wrote the balance down to $nil accordingly. During the year ended August 31, 2023, the Company had no further plans for Lil d'Espoir Lake property and wrote the balance down to $nil accordingly.

f) Cornwall Property (British Columbia)

On October 13, 2022, the Company executed a share purchase agreement with 1381766 whereby the Company acquired all of the issued and outstanding common shares of 1381766 in consideration for the issuance of 1,000,000 Opawica common shares (10,000,000 pre-consolidated common shares) with a fair value of $400,000. As 1381766 did not meet the definition of a business under IFRS 3 – Business Combinations, the acquisition was accounted for as the purchase of 1381766's net assets by Opawica. The net purchase price was determined as an equity settled share-based payment, under IFRS 2 - Share-based payments, at the fair value of the equity instruments issued.

Consideration paid:		
Consideration paid in common shares (Note 8)	$	400,000
Transaction costs - cash		28,701
	$	**428,701**

Fair value of net assets acquired:		
Exploration and evaluation asset	$	428,701
	$	**428,701**

(Expressed in Canadian Dollars)

6. LOAN PAYABLE

On April 23, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of $40,000. The CEBA is a government guaranteed loan of up to $40,000 that is interest-free until December 31, 2023. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount ($10,000) is eligible for forgiveness as long as the business pays back $30,000 on or before January 18, 2024. If the business cannot pay back the loan by January 18, 2024, it can be converted into a 2-year term loan at an interest rate of 5%. The principal amount of $40,000 is recorded as a current loan payable as at August 31, 2023. Subsequent to year end, the Company repaid the loan balance in full.

7. FLOW THROUGH PREMIUM LIABILITY

	August 31, 2023 $	August 31, 2022 $
Balance, beginning of year	308,581	388,600
Flow-through premium liability	-	545,795
Settlement of flow-through share liability by incurring expenditures	(58,290)	(625,814)
Reduction of flow-through share liability on recognizing provision for indemnity	(250,291)	-
Balance, end of year	-	308,581

During the year ended August 31, 2022, the Company issued 363,863 (3,638,635 pre-consolidated) flow-through units at $5.50 ($0.55 pre-consolidated) per unit for gross proceeds of $2,001,250 (Note 8). Accordingly, $545,795 was recorded as a flow-through premium liability. To comply with Canadian tax law, the Company was required to incur the qualified expenditures on Canadian eligible exploration properties prior to December 31, 2022.

During the year ended August 31, 2021, the Company issued 388,600 (3,886,000 pre-consolidated) flow-through units at $5.00 ($0.50 pre-consolidated) per unit for gross proceeds of $1,943,000. Accordingly, $388,600 was recorded as a flow-through premium liability. To comply with Canadian tax law, the Company was required to incur the qualified expenditures on Canadian eligible exploration properties prior to June 4, 2023.

As at August 31, 2023, the Company fell short of its flow-through commitment by $1,009,519. As a result of not meeting the commitment by the deadline, the flow-through premium liability has been reduced to $nil by recognizing other income of $250,291, and the Company recorded a provision of $732,976 towards Part XII.6 tax and potential indemnification of tax liabilities to purchasers of the flow-through shares.

8. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

8. SHARE CAPITAL (CONTINUED)

a) Common Shares (Continued)

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On March 8, 2023, the Company consolidated its common shares on a 10:1 basis. The presentation of the number of outstanding shares, warrant, stock options, loss per share, exercise price of warrants and options have been revised retrospectively within this report. As at August 31, 2023, there are 11,558,108 (2022 – 4,178,110) common shares issued and outstanding.

The following is a summary of share issuances during the year ended August 31, 2023:

On October 13, 2022, the Company acquired 100% of the issued and outstanding shares of 1381766 BC Ltd. in exchange for 1,000,000 (10,000,000 pre-consolidated) common shares of the Company with a fair value of $400,000. The Transaction was completed to acquire the claims associated with the Cornwall Property located in British Columbia (Note 5).

On May 8 and 19, 2023, the Company closed a non- brokered private placement to raise gross proceeds of $638,000 through the sale of 6,379,998 units priced at $0.10 per unit. Each unit consists of one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.15 per share for a three-year term. The warrants attached to the units had a residual value of $nil.

The 6,379,998 warrants are subject to an acceleration clause stating: Pursuant to the financing, in the event the Company's share price closed at a price of $0.22 per share for a period of 10 consecutive trading days on the TSX Venture Exchange, the Company may accelerate the term of the Eligible Warrants to a period of 30 days commencing 7 days after the last premium trading day with notice given to the warrant holders in writing or by news release. No finders' fees were payable in respect to the private placement.

The following is a summary of share issuances during the year ended August 31, 2022:

On January 7, 2022, the Company issued 60,000 (600,000 pre consolidated) common shares with a fair value of $165,000, for acquisition costs on its Lil d'Espoir Lake property claims (Note 5).

On October 15, 2021, 10,000 (100,000 pre-consolidated) stock options priced at $1.15 ($0.115 pre-consolidated) were exercised for gross proceeds of $11,500. On the exercise of the options, $10,087 was reclassified from reserves to share capital. The proceeds have been recorded as a subscription receivable.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

a) Common Shares (Continued)

On December 10, 2021, the Company closed a non-brokered flow through private placement to raise gross proceeds of $2,001,250 through the sale of 363,863 (3,638,635 pre-consolidated) units priced at $5.50 ($0.55 pre-consolidated). Each unit consists of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at a price of $7.50 ($0.75 pre-consolidated) per share for a two-year term.

The warrants attached to the units had a residual value of $nil. Finders' fees of $108,900 and 10,909 (109,092 pre-consolidated) share purchase warrants exercisable at $5.50 ($0.55 pre-consolidated) per common share for a term of two years were paid in respect to the private placement. The finders' warrants had a fair value of $19,000 calculated using the Black-Scholes Option Pricing Model. In connection with the non-brokered flow through private placement the Company recognized a flow through premium of $545,795 (Note 7). Additional share issuance costs of $20,137 were incurred.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares. No preferred shares have been issued since the Company's inception.

c) Reserves

	August 31, 2023 $	August 31, 2022 $
Warrants	494,648	494,648
Share Options	2,882,723	2,882,723
Reserves	3,377,371	3,377,371

d) Share Purchase Warrants

A summary of the Company's warrants at August 31, 2023 and 2022 are as follows:

	Number of Warrants*	Weighted Average Exercise Price
Balance at August 31, 2021	**739,719**	**$5.60**
Granted	192,841	7.40
Balance at August 31, 2022	**932,560**	**5.98**
Granted	6,379,998	0.15
Expired	(739,719)	5.61
Balance at August 31, 2023	**6,572,839**	**$0.36**

*Post 10:1 share consolidation

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

As at August 31, 2023, the Company had the following issued and outstanding warrants:

August 31, 2023*	Exercise Price per Share*	Expiry Date
181,932	$7.50	December 9, 2023
10,909	$5.50	December 9, 2023
4,689,998	$0.15	May 8, 2026
1,690,000	$0.15	May 19, 2026
6,572,839		

*Post 10:1 share consolidation

Subsequent to year end, 192,841 warrants with exercise prices of $5.50 - $7.50 expired unexercised.

As at August 31, 2023, the warrants had a weighted average remaining life of 2.62 years.

The fair value of the warrants issued as broker's warrants was determined using the Black-Scholes Option-Pricing Model using the following assumptions:

	August 31, 2023	August 31, 2022
Expected stock price volatility	-	97%
Risk-free interest rate	-	0.96%
Dividend yield	-	-
Expected life of options	-	2 years
Fair value price on date of grant	-	$0.17
Forfeiture rate	-	-

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS

a) Stock Options

The Company has adopted a rolling stock option plan whereby the Company may grant options up to a maximum of 10% of the issued and outstanding common shares. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding common shares; options have a maximum life of 10 years. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other TSX Venture Exchange Policy requirements. Options granted under the Plan are subject to vesting terms determined by the Board. The Plan was re-approved by the Company's shareholders on July 31, 2023.

A summary of the Company's stock options at August 31, 2023 and 2022 are as follows:

	Options Outstanding and Exercisable*	Weighted Average Exercise Price*
Balance at August 31, 2021	362,440	$3.70
Granted	64,500	3.40
Exercised	(10,000)	1.15
Balance at August 31, 2022	416,940	$3.72
Balance at August 31, 2023	416,940	$3.72

As at August 31, 2023, the Company had the following issued and outstanding options:

Expiry Date	Exercise Price*	August 31, 2023*
October 27, 2025	$1.15	98,950
February 1, 2026	$1.90	29,990
February 8, 2026	$2.60	53,500
June 8, 2026	$6.00	170,000
October 17, 2026	$3.40	20,000
December 22, 2026	$3.40	44,500
		416,940

*Post 10:1 share consolidation

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (CONTINUED)

a) Stock Options (Continued)

The weighted average remaining contractual life of stock options outstanding at August 31, 2023 was 2.63 years.

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the year ended August 31, 2023, was $nil per option (2022 - $2.50 ($0.25 pre-consolidated)). The total fair value of the share-based payments is $nil (2022 - $162,000). The fair value was determined using the Black-Scholes Option-Pricing Model using the following assumptions:

	August 31, 2023	**August 31, 2022**
Expected stock price volatility	-	104% - 105%
Risk-free interest rate	-	1.25%-1.29%
Dividend yield	-	-
Expected life of options	-	5 years
Fair value price on date of grant	-	$2.50-2.60
Forfeiture rate	-	-

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

10. NATURE OF INCOME AND EXPENSES

	August 31, 2023	August 31, 2022
	$	$
Employee costs include:		
Consulting fees (Note 12)	**152,705**	479,682
Management fees (Note 12)	**360,439**	275,000
Salaries and benefits (recovery)	**(2,857)**	1,900
Share-based payments (Notes 9 and 12)	**-**	162,000
	510,287	918,582
General and administrative expenses include:		
Accounting and legal fees	**69,943**	72,156
Business development	**25,551**	332,365
Filing fees	**43,825**	63,643
Insurance	**-**	11,655
Investor communications	**27,625**	926,648
Office expenses	**15,269**	12,878
Rent	**26,000**	16,695
Travel	**-**	89,895
	208,213	1,525,935

(Expressed in Canadian Dollars)

11. DEFERRED INCOME TAXES

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

	2023	2022
Combined statutory tax rate	27.00 %	27.00 %
	$	$
Income tax recovery at combined statutory rate	(541,000)	(713,000)
Non-taxable expenses and other	683,000	118,000
Change in unrecognized deferred tax assets	(142,000)	595,000
Income tax expense	-	-

The Company has the following unrecognized deductible temporary differences and unused tax losses:

	2023	Expiry date	2022	Expiry date
	$		$	
Equipment	28,000	None	24,000	None
Share issue costs	171,000	2024 – 2026	244,000	2023 - 2026
Exploration and evaluation assets	185,000	None	1,480,000	None
Marketable securities	11,000	None	-	None
Non-capital loss carry-forwards	7,125,000	2033 – 2043	6,293,000	2033 - 2042
Allowable capital loss carry-forwards	4,845,000	None	4,845,000	None
Unrecognized deductible temporary differences	12,365,000		12,886,000	

12. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the year:

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer. Key management personnel compensation is comprised of the following:

	2023 $	2022 $
Short term employee benefits and directors' fees	471,394	408,500
Share-based payments	-	162,000
	471,394	570,500

12. RELATED PARTY TRANSACTIONS (CONTINUED)

Agreement with the CEO

The Company has entered into an officer and consulting agreement with a company controlled by the Company's President and Chief Executive Officer (the "CEO") effective May 5, 2021, for a five-year term. As compensation for the services to be provided, the CEO's company received a monthly management fee of $15,000 effective January 1, 2022. If the agreement is terminated before the end of the term on March 1, 2026, the Company will be required to pay $360,000 severance compensation. In the event of a change of control transaction, the executive is entitled to receive a one time bonus of $400,000.

During the year ended August 31, 2023, the Company incurred $145,000 (2022 - $185,000) in management fees and a $200,000 (2022 - $Nil) bonus with the CEO's company.

Agreement with the CFO

The Company entered into a consulting agreement with the Company's Chief Financial Officer (the "CFO") effective July 1, 2021, for no fixed term. As compensation for the services provided, the CFO will receive a monthly fee of $5,000. In the event the consultant is terminated within 12 months following the date of a change of control event, the Company shall pay a fee of $250,000 within 30 days of termination.

During the year ended August 31, 2023, the Company incurred $75,000 (2022 - $60,000) in consulting fees with the CFO's company.

Other key management compensation

The Company has entered into an administrative services agreement with a company controlled by a family member of a director effective September 1, 2021, for no fixed term. As compensation for the services provided, the consultant will receive a monthly fee of $4,000. During the year ended August 31, 2023, the Company incurred $36,995 (2022 – $44,000) in consulting fees with the company.

The Company entered into a Director Agreement with a company controlled by a director effective November 1, 2020, for no fixed term. As compensation for the services the director's company received a monthly fee of $7,500. On September 30, 2022, the director resigned from the Company and incurred no additional fees. During the year ended August 31, 2023, the Company incurred $6,939 (2022 - $97,500) in management and consulting fees with the former director's company.

During the year ended August 31, 2023, the Company also paid consulting fees of $7,500 (2022 - $22,000) to its directors and former directors.

As at August 31, 2023, the Company has $124,004 (2022 - $124,004) due from the CEO, and $137,230 (2022 - $44,000) included in trade and other payables, due to officers and directors of the Company. Amounts are due on demand, unsecured and are non-interest bearing.

(Expressed in Canadian Dollars)

13. INVESTMENTS

The following is a summary of marketable securities as at August 31, 2023:

	Number of securities	Fair value at August 31, 2022	Additions (Dispositions)	Unrealized gains (losses)	Fair value at August 31, 2023
		$	$	$	$
Generation Gold Corp. – Common shares	2,200,000	-	220,000	(55,000)	165,000
Generation Gold Corp. – Warrants	2,200,000	-	-	44,179	44,179
Total		**-**	**220,000**	**(10,821)**	**209,179**

The Company did not hold any marketable securities during the year ended August 31, 2022.

During the year ended August 31, 2022, the Company subscribed to 2,200,000 units of Generation Gold Corp. (Formerly Jessy Ventures Corp.) ("Generation") for $220,000, and on December 26, 2022 the units were issued to the Company. Each unit consists of one common share of Generation and one warrant, with each warrant exercisable at a price of $0.125 per share expiring December 15, 2025.

The warrants were fair valued using the Black-Scholes Option Pricing Model using the following input assumptions:

	August 31, 2023	August 31, 2022
Expected stock price volatility	67%	-
Risk-free interest rate	4.40%	-
Dividend yield	-	-
Expected life of options	2.29 years	-
Fair value price on measurement date	$0.02	-
Forfeiture rate	-	-

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, due from related party, trade and other payables, provision for indemnity, and loan payable. The Company's cash is recorded as a Level 1 financial asset and of the investments, $165,000 is recorded in Level 1 and $44,179 is recorded in Level 2 in the fair value hierarchy.

The carrying values of the assets and liabilities classified as amortized cost approximate their fair values due to the short-term maturity of the instruments.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts with counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets which include cash, investments and due from related party. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and term deposits with high credit chartered Canadian financial institutions and invests in public company shares. As at August 31, 2023, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, provision for indemnity, and loan payable. The Company has working capital surplus of $199,049 as at August 31, 2023 (2022 - $478,503) and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 15. All the Company's financial liabilities that are due on demand do not generally bear interest and are subject to normal trade terms other than loan payable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT (CONTINUED)

The Company considers items included in Equity to be capital. 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents. There were no changes in the Company's approach to capital management during the year ended August 31, 2023.

16. NON-CASH TRANSACTIONS

Non-cash Investing and Financing Activities	**August 31, 2023** **$**	**August 31, 2022** **$**
Shares and warrants issued for exploration and evaluation assets	400,000	165,000
Fair value of broker warrants issued	-	19,000
Fair value of options exercised	-	10,087
Accounts payable in exploration and evaluation assets	34,992	175,849
Long-term deposit used on exploration activities	101,366	-

17. SEGMENTED OPERATIONS

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral assets in Canada.