QUADRO RESOURCES LTD.

FINANCIAL STATEMENTS

Years Ended July 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Quadro Resources Ltd.

Opinion

We have audited the accompanying financial statements of Quadro Resources Ltd. (the "Company"), which comprise the statements of financial position as at July 31, 2023 and 2022, and the statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern
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We draw attention to Note 1 of the financial statements, which indicates that the Company requires additional funds to continue operations, to explore its mineral properties and to maintain its property interests. The Company has incurred losses since inception and has an accumulated deficit of $14,483,167 and working capital of $228,665 as at July 31, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

As described in Note 7 to the financial statements, the carrying amount of the Company's E&E Assets was $2,512,724 as of July 31, 2023. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

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

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

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets.
- Obtaining, on a test basis confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Grant P. Block.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

November 28, 2023

QUADRO RESOURCES LTD.
Statements of Financial Position
(Expressed in Canadian Dollars)

		July 31, 2023		July 31, 2022
ASSETS				
Current				
Cash	$	162,781	$	521,629
Marketable Securities (Note 4)		154,613		-
Receivable (Note 5)		23,749		37,503
		341,143		559,132
Non-current				
Equipment (Note 6)		-		156
Exploration and evaluation assets (Note 7, Note 9)		2,512,724		2,847,504
		2,512,724		2,847,660
Total assets	$	2,853,867	$	3,406,792
LIABILITIES				
Current				
Flow through liability (Note 10)	$	-	$	1,312
Trade and other payables (Note 8)		104,075		92,964
Amounts due to related parties (Note 9)		5,000		5,000
Asset retirement obligations (Note 7)		3,403		7,250
		112,478		106,526
Total liabilities		112,478		106,526
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		15,920,711		15,851,378
Share-based payment reserve (Note 12)		1,303,845		1,303,845
Deficit		(14,483,167)		(13,854,957)
Total shareholders' equity		2,741,389		3,300,266
Total liabilities and shareholders' equity	$	2,853,867	$	3,406,792

Nature of operations and going concern (Note 1)
Subsequent events (Note 18)

The financial statements were authorized for issue by the Board of Directors on November 28, 2023 and were signed on its behalf by:

"T. Barry Coughlan"
Director

"*Pieter Bakker*"
Director

The accompanying notes are an integral part of these financial statements.

QUADRO RESOURCES LTD.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years ended		
		July 31, 2023		July 31, 2022
Expenses				
Accounting and audit	$	43,178	$	33,605
Consulting (Note 9)		26,800		61,600
Depreciation (Note 6)		156		1,950
Legal fees		25,911		26,171
Management fees (Note 9)		141,000		152,000
Media and news dissemination		9,000		27,000
Office and miscellaneous		12,428		20,406
Project investigation		8,154		-
Rent		50,534		42,586
Transfer agent and filing fees		24,267		21,821
Travel and promotion		24,291		18,661
Total expenses		(365,719)		(405,800)
Other items		-		-
Flow through premium recovery (Note 10)		1,312		142,834
Unrealized loss on Marketable Securities (Note 4)		(45,387)		-
Write-down of exploration and evaluation assets (Note 7)		(218,416)		(886,884)
		(262,491)		(744,050)
Loss for the year		(628,210)		(1,149,850)
Basic and diluted net loss per share	$	(0.02)	$	(0.04)
Weighted average number of common shares outstanding (basic and diluted)		28,275,229		26,518,404

The accompanying notes are an integral part of these financial statements.

QUADRO RESOURCES LTD.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Share-based payment reserve	Deficit	Total
Balance, July 31, 2021	**24,207,131**	**$ 15,360,471**	**$ 1,303,845**	**$ (12,705,107)**	**$ 3,959,209**
Flow-through private placement	1,517,778	273,200	-	-	273,200
Non-flow-through private placement	1,220,000	183,000	-	-	183,000
Flow-through share premium liability	-	(45,533)	-	-	(45,533)
Share issuance costs	-	(18,760)	-	-	(18,760)
Acquisition of exploration and evaluation assets	600,000	99,000	-	-	99,000
Net loss for the year	-	-	-	(1,149,850)	(1,149,850)
Balance, July 31, 2022	**27,544,909**	**$ 15,851,378**	**$ 1,303,845**	**$ (13,854,957)**	**$ 3,300,266**

	Number of shares issued	Share capital	Share-based payment reserve	Deficit	Total
Balance, July 31, 2022	**27,544,909**	**$ 15,851,378**	**$ 1,303,845**	**$ (13,854,957)**	**$ 3,300,266**
Acquisition of exploration and evaluation assets	966,667	69,333	-	-	69,333
Net loss for the year	-	-	-	(628,210)	(628,210)
Balance, July 31, 2023	**28,511,576**	**$ 15,920,711**	**$ 1,303,845**	**$ (14,483,167)**	**$ 2,741,389**

The accompanying notes are an integral part of these financial statements.

QUADRO RESOURCES LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended July 31, 2023	July 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (628,210)	$ (1,149,850)
Adjustments for:		
Depreciation	156	1,950
Write-down of exploration and evaluation assets	218,416	886,884
Flow through liability	(1,312)	(142,834)
Unrealized loss on Marketable Securities	45,387	-
Changes in non-cash working capital items:		
Receivable	13,754	166
Trade and other payables	11,111	(136,641)
Net cash used in operating activities	(340,698)	(540,325)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(18,150)	(825,931)
Net cash used in investing activities	(18,150)	(825,931)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	456,200
Share issuance costs	-	(18,760)
Net cash provided by financing activities	-	437,440
Decrease in cash	(358,848)	(928,816)
Cash, beginning of the year	521,629	1,450,445
Cash, end of the year	$ 162,781	$ 521,629

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Quadro Resources Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 1400, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1. The Company is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol “QRO”, on the OTC Pink under the symbol “QDROF”, and on the Frankfurt Stock Exchange under the symbol “G4O2”.

On November 22, 2022, the Company consolidated its common share on a 3:1 basis. All share and per share amounts in these consolidated financial statements reflect the share consolidation retrospectively.

<u>Going concern</u>

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

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

At present, the Company’s operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of $14,483,167 and working capital of $228,665 as at July 31, 2023, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to raise adequate financing, identify economically recoverable reserves and to commence profitable operations in the future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence. These adjustments could be material.

2. BASIS OF PREPARATION

These financial statements of the Company 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”).

2. BASIS OF PREPARATION (cont'd…)

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. 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.

Significant estimates and assumptions

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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

iii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainly and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

2. BASIS OF PREPARATION (cont'd…)

Significant judgments

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired.

   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. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ii) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

iii) The classification of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended July 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

Exploration and evaluation assets

The Company's accounting policy for mineral property costs is dependent on the stage of the properties to which the costs relate. All capitalized costs are attributed to the individual mineral properties to which they relate, known as cash-generating units ("CGU").

Acquisition costs

All costs incurred to acquire or maintain mineral property rights are capitalized to the relevant CGU. These costs are not depleted until the CGU reaches production.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd…)

Exploration and evaluation costs

Costs related to the exploration and evaluation of properties for which no technically or economically feasible reserves have been established are capitalized to the relevant CGU in the period incurred. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property. The Company determines that technical and economic feasibility exists when:

- a feasibility study, prepared in accordance with professional geological standards, defines a proven mineral reserve body;
- the Company intends to recover the mineral reserves through mining activity or sale of mineral rights; and
- the Company has sufficient financing available to develop and operate a mine or to market the mineral rights.

Development costs

When technical and economic feasibility exists for a certain CGU, all costs incurred to further prepare and develop a mine, or to ready the reserve rights for sale, are capitalized. Such costs may include interest on debt financing required to construct a mine or general and overhead expenses that are directly attributable to the CGU. These capitalized costs are not subject to depletion until such time as the mine is ready for production or the mineral rights are saleable, at which point they are depleted on a unit-of-production basis over the estimated recoverable reserves of each CGU. Any government grants received reduce associated costs capitalized under development costs.

Post-development costs

After a mine is ready for production or mineral reserves are saleable, all costs, including interest on related debt and general and administrative costs are expensed in the period incurred unless they relate to an extension of mineral reserves or a significant improvement in mining operations. In these instances, the expenditures related to the betterment are capitalized and are depleted on a unit-of-production basis over the remaining recoverable reserves.

Impairment of exploration and evaluation assets

Management assesses the exploration and evaluation assets for impairment at least annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions

i) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

ii) Decommissioning and restoration provision

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of its exploration and evaluation assets in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at July 31, 2023, the Company has a $3,403 asset retirement obligation related to its Staghorn property.

Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and marketable securities.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include receivables.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax. None of the Company's financial assets are classified as FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables and amounts due to related parties are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance as at July 31, 2023 and 2022.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") on the Company's statement of financial position. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. The diluted loss per share reflects all dilutive potential common share equivalents, which comprise outstanding stock options and share purchase warrants in the weighted average number of common shares outstanding during the period, if dilutive. All of the outstanding stock options and the share purchase warrants were anti-dilutive for the years ended July 31, 2023 and 2022.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued and amortized over the vesting periods using a graded approach. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award is considered a separate grant with a different vesting date and fair value and is accounted for on that basis.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Current and deferred income taxes

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

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

Asset Retirement Obligations

The Company is obligated by various federal and provincial mining laws and regulations which require the Company to reclaim surface areas and restore underground water quality for certain assets in Newfoundland. These projects must be returned to the pre-existing or background average quality after completion of mining. Annually, the Company updates these reclamation provisions based on cash flow estimates, and changes in regulatory requirements and settlements. This review may result in an adjustment to the asset retirement obligations in addition to the outstanding liability balance. The asset retirement obligations balance consists of certain road repairs which pre-date the Option Agreement with TRU. The assets retirement obligation is payable during the year July 31, 2024, and is therefore not discounted, as shown in the prior year statements.

New accounting standards

There were no new or amended IFRS pronouncements effective August 1, 2022 that impacted the Company's financial statements.

4. MARKETABLE SECURITIES

On August 17, 2022, the Company received 1,084,171 common shares of TRU Precious Metals Corp with a fair value of $100,000. On June 28, 2023, the Company received 3,333,333 common shares of TRU Precious Metals Corp with a fair value of $100,000. On July 31, 2023, the fair value of its holding was $154,613 (July 31, 2022 - $nil). The unrealized loss due to the fair value change during the year ended July 31, 2023 was $45,387 (July 31, 2022 - $nil).

5. RECEIVABLES

		July 31, 2023		July 31, 2022
Sales tax recoverable	$	3,941	$	18,032
Other		19,808		19,471
	$	23,749	$	37,503

6. EQUIPMENT

		Computer equipment
Cost:		
At July 31, 2021	$	3,900
Addition		-
At July 31, 2022	$	3,900
Accumulated depreciation:		
At July 31, 2021		1,794
Depreciation		1,950
At July 31, 2022	$	3,744
Net book value:		
At July 31, 2022	**$**	**156**
Cost:		
At July 31, 2022	$	3,900
Additions		-
At July 31, 2023	$	3,900
Accumulated depreciation:		
At July 31, 2022		3,744
Depreciation		156
At July 31, 2023	$	3,900
Net book value:		
At July 31, 2023	**$**	**-**

7. EXPLORATION AND EVALUATION ASSETS

	Victoria Lake Property	Careless Cove & Yellow Fox Property	Tulks South Property	Other	Total
Balance, July 31, 2021	**$ 2,652,042**	**$ 74,738**	**$ 54,250**	**$ 21,177**	**$ 2,802,207**
Acquisition costs					
Option payments	100,000	44,000	-	-	144,000
	100,000	44,000	-	-	144,000
Deferred exploration expenditures					
Assaying	55,052	14,276	108	-	69,436
Drilling	402,585	2,351	65,750	-	470,686
Equipment rental	30,146	5,850	8,900	-	44,896
Geological consulting	119,602	25,700	65,950	-	211,252
Miscellaneous	1,200	-	-	-	1,200
Reclamation	7,250	-	-	-	7,250
Travel	25,329	272	17,860	-	43,461
Government grant adjustment	(60,000)	-	-	-	(60,000)
	581,164	48,449	158,568	-	788,181
Net cost for the year	$ 681,164	$ 92,449	$ 158,568	$ -	$ 932,181
Write-down of exploration and evaluation assets	$ (865,707)	$ -	$ -	$ (21,177)	$ (886,884)
Balance, July 31, 2022	**$ 2,467,499**	**$ 167,187**	**$ 212,818**	**$ -**	**$ 2,847,504**

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

	Victoria Lake Property	Careless Cove & Yellow Fox Property	Tulks South Property	Total
Balance, July 31, 2022	**$ 2,467,499**	**$ 167,187**	**$ 212,818**	**$ 2,847,504**
Acquisition costs				
Option payments	(116,667)	36,000	-	(80,667)
Claim staking/maintenance costs	(25,000)	-	-	(25,000)
	(141,667)	36,000	-	(105,667)
Deferred exploration expenditures				
Assaying	5,960	13,118	-	19,078
Equipment rental	2,320	-	-	2,320
Geological consulting	14,575	1,750	4,200	20,525
Travel	4,669	361	-	5,030
Government grant adjustment	(3,400)	-	(54,250)	(57,650)
	24,124	15,229	(50,050)	(10,697)
Net cost for the year	$ (117,543)	$ 51,229	$ (50,050)	$ (116,364)
Write-down of exploration and evaluation assets	$ -	$ (218,416)	$ -	$ (218,416)
Balance, July 31, 2023	**$ 2,349,956**	**$ -**	**$ 162,768**	**$ 2,512,724**

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Victoria Lake Gold Project, Newfoundland and Labrador

The Company's Victoria Lake Gold project is located in west-central Newfoundland and comprises the following properties:

Staghorn Property

On June 6, 2017, the Company entered into an option agreement with Metals Creek Resources Corp. ("Metals Creek") and Benton Resources Inc. ("Benton") whereby the Company was granted an option to acquire a 100% interest in the Staghorn property, located in Newfoundland and Labrador, as well as all their rights to the Rose Gold property which is comprised of certain mineral claims contiguous to the Staghorn property. The Company issued 2,666,667 common shares (with a fair value of $800,000) to Metals Creek and Benton and earned a 100% interest in the Staghorn property.

The Staghorn property is subject to Net Smelter Return ("NSR") royalties as outlined below:

- A royalty granted to Metals Creek and Benton representing an area of interest that is subject to a 3% NSR in favor of Metals Creek and Benton, of which a 2% NSR can be purchased by the Company at any time for $2,000,000.
- An existing royalty held by Ed Northcott and Gilbert Lushman representing an area of interest that is subject to: i) a 2% NSR in favor of Ed Northcott and Gilbert Lushman, of which a 1% NSR can be purchased by the Company at any time for $1,000,000; and (ii) a 1% NSR in favor of Metals Creek and Benton.

In June 2022, the Company entered into an option agreement with TRU Precious Metals Corp. ("TRU"), giving TRU the option to acquire up to an aggregate 65% interest in the Staghorn property (the "Staghorn Option"). In order for TRU to exercise the Initial Option of 51% interest in the Property, TRU shall make the following payments, shall cause the following shares to be issued and in the name of the Company (the "Purchase Price") and shall incur an aggregate of $1,100,000 of exploration expenditures (subject to certain adjustments) (the "Exploration Expenditures"), including at least an aggregate of $660,000 worth of drilling activities on the Property (the "Initial Drilling Commitments") on or before the corresponding dates set forth below.

- On three days following Exchange approval (the "Effective Date"): the issuance of $100,000 in TRU shares (issued - 1,084,171 shares on August 17, 2022), such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares (VWAP meaning the volume-weighted average trading price of the TRU shares on the Exchange for the twenty previous consecutive trading days); and (b) the lowest discounted price permitted pursuant to the policies of the Exchange;
- On or before the one year anniversary of the Effective Date: (i) the payment of $25,000 in cash; and (ii) the issuance of a further $100,000 in TRU shares (issued - 3,333,333 shares on June 28, 2023), such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of $200,000;
- On or before the two year anniversary of the Effective Date: (i) a further payment of $100,000 in cash; (ii) the issuance of a further $150,000 in TRU shares, such TRU shares to have a deemed issue price per TRU share equal to the greater of: (a) the VWAP of the TRU shares; and (b) the lowest discounted price permitted pursuant to the policies of the Exchange; and (iii) incur Exploration Expenditures of an aggregate of a further $300,000; and
- On or before the three year anniversary of the Effective Date, incur Exploration Expenditures of an aggregate of a further $600,000.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

On August 18, 2022, the Company closed the definitive option agreement dated June 15, 2022 (the "Option Agreement") with TRU. Pursuant to the terms of the Option Agreement, TRU has the option to acquire up to an aggregate 65% ownership in The Company's Staghorn Project (the "Staghorn Project") located in central Newfoundland. TRU has issued 1,084,171 common shares to the Company in respect of the first share issuance due under the Option Agreement. The deemed price of such issuance shares is approximately $0.092 per share, representing the volume-weighted average trading price of TRU's common shares on the Exchange for the 20 previous consecutive trading days. All common shares issued pursuant to the terms of the Option Agreement are subject to a hold period under applicable securities laws for a period of four months plus one day from the date of issuance.

On June 12, 2023, the Company announced that further to its August 18, 2022 and April 25, 2023, news releases, it had amended its Staghorn Option Agreement with TRU. The amended terms include:

- A minimum of $300,000 of the Initial Drilling Commitments must be incurred by no later than October 15, 2023, failing which TRU shall pay to The Company on October 15, 2023, a cash penalty in the amount of $25,000 (received), and shall continue to pay a $25,000 cash penalty each subsequent quarter until July 15, 2024, or until such time as TRU has incurred an aggregate $300,000 of the Initial Drilling Commitments.

During the year ended July 31, 2022, the Company recorded $7,250 asset retirement obligations on this property. As the restoration tasks were to be completed shortly after the year end the amount was discounted. During the year ended July 31, 2023, the Company reduced the asset retirement obligations on this property to $3,403, which was discounted as well.

Long Lake Property

In November 2019, the Company entered into an option agreement to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador by making staged cash payments totaling $100,000 over three years ($100,000 paid) and share issuances totaling 1,666,667 common shares (a total of 1,666,667 common shares issued) over three years (666,667 shares issued with a fair value of $100,000 in fiscal year 2023, 500,000 shares issued with a fair value of $75,000 in fiscal year 2022, 333,333 shares issued with a fair value of $50,000 and 166,667 shares issued with a fair value of $30,000 in fiscal 2021 and fiscal 2020 respectively). The Long Lake property is subject to a 2% NSR, half of which can be purchased by the Company for $1,500,000.

During the year ended July 31, 2022, an impairment charge of $865,707 was recorded against the Long Lake property due to cancelled claims. The impairment charge resulted in $1 nominal value on the Long Lake property. Subsequent to the year ended July 31, 2022, on October 13, 2022, the Company filed a grievance with the Newfoundland Mineral Rights Adjudication Board (the "Board"). The Company requested that the cancellation be rescinded. During the year ended July 31, 2023, the Board had not ruled on the grievance filing. Subsequent to the year ended July 31, 2023, On October 11, 2023, the Company announced that four of its nine claim blocks comprising its Long Lake property that were cancelled on September 22, 2022, would be reinstated as of their original issuance dates, as per the Order of the Board dated October 10, 2023 (the "Order"). Per the Order, the Company was required to pay $40,540 to cover deficiencies for two of the four licenses to bring them back into good standing. The remaining two licenses have no deficiencies. In addition, the Company paid costs to the Mineral Claims Recorder.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Seagull Lake Property, Ontario

In February 2020, the Company entered into a letter of intent to acquire a 70% interest in the Seagull Lake property near Thunder Bay, Ontario. Under the terms of the agreement, the Company paid a $25,000 non-refundable deposit and is required to make staged cash payments totaling $250,000, issue 2,166,667 common shares and spend $1,550,000 of exploration expenditures over three years as follows:

- Pay $25,000 (paid) and issue 333,333 common shares (issued with a fair value of $110,000) upon TSX-V approval (obtained on April 3, 2020);
- Pay $100,000, issue 750,000 common shares, and incur exploration expenditures of $300,000 by February 20, 2021;
- Pay $125,000, issue 1,083,333 common shares, and incur additional exploration expenditures of $500,000 by February 20, 2022; and
- Incur additional exploration expenditures of $750,000 by February 20, 2023.

Upon the Company earning the 70% interest, the Company and the optionor will form a joint venture for the further development of the property.

On January 11, 2021, the Company announced that it had withdrawn from the Seagull option agreement signed February 18, 2020. An impairment charge of $162,877 was recorded against the property.

Careless Cove and Yellow Fox properties, Newfoundland and Labrador

On October 8, 2020, the Company signed a LOI with Metals Creek Resources Corp. to earn a 100% interest in the Careless Cove and Yellow Fox properties in Newfoundland. To exercise its option, the Company is required to pay Metals Creek Resources Corp. a total $100,000 and 500,000 common shares of the Company according to the following schedule:

(a) $15,000 (paid) and 100,000 common shares (issued with a fair value of $58,500) on signing;
(b) $20,000 (paid) and 100,000 common shares (issued with a fair value of $24,000) on the first anniversary;
(c) $20,000 and 133,333 common shares on the second anniversary (see July 26, 2022 amending agreement below); and
(d) $45,000 and 166,667 common shares on the third anniversary (see Note 18)

On July 26, 2022, the Company signed an agreement amending the terms of the August 11, 2020 Yellow Fox/Careless Cove letter of intent with Metals Creek Resources Corp. ("Metals Creek"). Under the terms of the amending agreement, in lieu of the second anniversary cash payment of $20,000, The Company issued to Metals Creek 166,667 additional common shares of the Company for a total of 300,000 common shares at a deemed price of $0.12 per share (issued with a fair value of $36,000).

Careless Cove and Yellow Fox properties is subject to a 2.0% NSR royalty on any future mineral production. The Company will have the right to purchase 50% of the NSR from Metals Creek for $1,000,000.

Subsequent to the year ended July 31, 2023, the Company withdrew from the LOI with Metals Creek signed October 8, 2020 and recorded an impairment charge of $218,416 against the property.

Tulks South Property, Newfoundland and Labrador

On July 26, 2021, the Company signed a binding letter of intent with Buchans Minerals Corporation ("BMC") for the gold prospective Tulks South Property (the "Property"), located proximal to the Company's Long Lake project, Newfoundland. The LOI sets out a proposed transaction (the "Proposed Transaction") pursuant to which the Company has acquired from BMC an option to acquire a 51% interest (the "Initial Option") in BMC's claims which comprise the Property, followed by the right to acquire an additional 19% interest (the "Second Option" or "Joint Venture") in the event that BMC elects not to participate in work programs after the Company has earned its initial 51% interest.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The LOI terms are as follows:

1. Initial Option. The Company may exercise the Initial Option by incurring $500,000 of exploration expenditures on the Property as follows:

a) On signing of this LOI, the Company will issue payment of $54,250 to BMC as reimbursement for payment made by BMC in lieu of required assessment work, which will be reimbursed once assessment is filed (completed).
b) Completing $85,000 of Expenditures by the first anniversary of the LOI (completed);
c) Completing a further $110,000 of Expenditures on or before the second anniversary of the LOI;
d) Completing a further $135,000 of Expenditures on or before the third anniversary of the LOI; and
e) Completing a further $170,000 of Expenditures on or before the fourth anniversary of the LOI.

2. Second Option or Joint Venture. Upon the Company having incurred $500,000 of exploration expenditures and exercised the Initial Option and submitted to BMC a technical report on the work competed during the Initial Option period and a proposed work program and budget for the next phase of exploration or development, BMC will have 60 days in which to:

a) Elect to participate in a joint venture (the "Initial Joint Venture") with the Company for the further development of the Property with the Company having an initial 51% interest and BMC having an initial 49% interest; or
b) Elect not to participate in the Initial Joint Venture in which case the Company will have the right to exercise the Second Option by incurring a further $250,000 of Expenditures within 12 months of BMC electing not to participate in the Initial Joint Venture and upon completion of such Expenditures the parties will form a joint venture with the Company having a 70% interest and BMC having a 30% interest (the "Second Joint Venture").

In the event that The Company fails to complete the Expenditures required to exercise the Second Option the parties will revert to forming the Initial Joint Venture. After forming the Initial Joint Venture or the Second Joint Venture as the case may be, if a participant's interest is diluted to less than 10% its interest will be converted to a 2% NSR. The other participant will have the right to purchase fifty percent of the NSR (i.e. 1%) by paying the holder of the NSR $1,500,000 and such purchasing participant will have a right of first refusal on the remaining 1% NSR.

Other properties, Newfoundland and Labrador

During the year ended July 31, 2018, the Company staked claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador for $21,177.

During the year ended July 31, 2022, an impairment charge of $21,177 was recorded against the property.

8. TRADE AND OTHER PAYABLES

	July 31, 2023	July 31, 2022
Accounts payable	$ 40,075	$ 28,964
Accrued expenses	64,000	64,000
	$ 104,075	$ 92,964

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. RELATED PARTY TRANSACTIONS

Included in amounts due to related parties are $5,000 (July 31, 2022 - $5,000) in advances from the President of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in receivables are $19,471 (July 31, 2022 - $19,471) of sublease payment due from a company with directors in common with the Company.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the years ended July 31, 2023 and 2022 is as follows:

		Years ended		
		July 31, 2023		July 31, 2022
Geological consulting fees	$	7,200	$	72,000
Consulting fees		24,000		51,000
Management fees		141,000		152,000
	$	172,200	$	275,000

The Company entered into the following related party transactions during the year ended July 31, 2023:

a) Paid or accrued management fees of $96,000 (2022 - $96,000) to a company controlled by the Chief Executive Officer of the Company for management services provided.

b) Paid or accrued management fees of $39,000 (2022 - $56,000) to the Chief Financial Officer of the Company for management services provided.

c) Incurred geological consulting of $7,200 (2022 - $72,000) to a company controlled by an officer of the Company. The geological consulting fees were capitalized as Exploration and Evaluation Assets in the Statements of Financial Position.

d) Paid or accrued management fees of $6,000 (2022 - Nil) to a company controlled by an officer of the Company for management services provided.

e) Paid or accrued consulting fees of $24,000 (2022 - $51,000) to a director of the Company for consulting services provided.

10. FLOW THROUGH LIABILITY

During the year ended July 31, 2021, the Company issued 2,014,648 flow-through shares at a price of $0.51 per share for gross proceeds of $1,027,470 (the "Financing") and recognized a flow-through premium liability of $241,758, as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering. During the year ended July 31, 2021, the Company incurred qualifying exploration expenses, subsequent to the Financing, of $608,364 which reduced the flow-through share premium liability by $143,145, and which the Company recognized as other income on settlement of flow-through share premium liability. The flow-through premium liability outstanding relating to these flow-through shares is $98,613 as at July 31, 2021. Subsequent to the year ended July 31, 2021, the Company incurred additional qualifying exploration expenses to eliminate the flow through liabilities related to the flow-through shares issued during the year ended July 31, 2021.

During the year ended July 31, 2022, the Company issued 1,517,778 flow-through shares at a price of $0.18 per share for gross proceeds of $273,200 (the "Financing") and recognized a flow-through premium liability of $45,533, as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering. During the year ended July 31, 2022, the Company incurred qualifying exploration expenses, subsequent to the Financing, of $265,326 which reduced the flow-through share premium liability by $44,221, and which the Company recognized as other income on settlement of flow-through share premium liability. The flow-through premium liability outstanding relating to these flow-through shares is $1,312 as at July 31, 2022. Subsequent to the year ended July 31, 2022, the Company incurred additional qualifying exploration expenses to eliminate the flow through liabilities related to the flow-through shares issued during the year ended July 31, 2022.

11. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At July 31, 2023, the Company had 28,511,576 common shares issued and outstanding (July 31, 2022 – 27,544,909).

Share issuance

During the year ended July 31, 2023, the Company:

i) Issued 300,000 common shares with a fair value of $36,000 pursuant to Metals Creek for the Careless Cove/Yellow Fox properties.

ii) Issued 666,667 common shares with a fair value of $33,333 pursuant to the Long Lake option.

During the year ended July 31, 2022, the Company:

i) Issued 100,000 common shares with a fair value of $24,000 pursuant to Metals Creek for the Careless Cove/ Fox properties.

ii) Issued 500,000 common shares with a fair value of $75,000 pursuant to Long Lake Gold properties.

11. SHARE CAPITAL (cont'd…)

iii) Completed a non-brokered private placement of 1,220,000 Units for gross proceeds of $183,000 (the "Units"), each Unit priced at $0.15 and consisting of 1 common share of the Company and 1 common share purchase warrant (the "Unit Warrants"), each Unit Warrant being exercisable for an additional common share of the Company at $0.30 for 24 months from closing. The Company also completed a private placement of 1,517,778 flow-through units for gross proceeds of $273,200 (the "FT Units"), each FT Unit priced at $0.18 and consisting of 1 flow-through share and 1 common share purchase warrant (the "FT Unit Warrants"), each full FT Unit Warrant being exercisable at $0.36 for a common share of the Company for 24 months. In accordance with the policies of the TSX Venture Exchange, cash finders' fees totalling $18,760 was paid. All securities issued pursuant to this financing are subject to a 4 month-plus-one-day hold, expiring May 1, 2022.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended July 31, 2023 was based on the loss attributable to common shareholders of $628,210 (2022 - $1,149,850) and a weighted average number of common shares outstanding of 28,275,245 (2022 – 26,518,404).

At July 31, 2023, 1,203,333 stock options (2022 – 1,828,333) and 4,430,797 warrants (2022 – 5,513,427) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

12. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 20% of the total number of issued and outstanding shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the Exchange's policies.

Option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance & Exercisable, July 31, 2021 and 2022	1,828,333	$	0.36
Expired	(625,000)	$	0.30
Balance & Exercisable, July 31, 2023	1,203,333	$	0.35

The options outstanding at July 31, 2023 have exercise prices in the range of $0.24 to $0.36 and a weighted average remaining contractual life of 2.51 years.

12. SHARE-BASED PAYMENTS (cont'd…)

As at July 31, 2023 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
100,000	$0.24	November 8, 2023
970,000	$0.36	February 5, 2026
133,333	$0.36	February 9, 2026
1,203,333		

Warrants

The Company uses the residual value method with respect to the measurement of share purchase warrants issued with private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2021	4,156,966	$	0.63
Warrants granted	2,737,778		0.33
Expired	(1,381,317)		0.75
Balance, July 31, 2022	5,513,427	$	0.41
Expired	(1,082,630)		0.60
Balance, July 31, 2023	4,430,797	$	0.39

12. SHARE-BASED PAYMENTS (cont'd…)

The warrants outstanding at July 31, 2023 have exercise prices in the range of $0.30 to $0.54 and a weighted average remaining contractual life of 0.41 year.

As at July 31, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,693,019	$0.54	29-Dec-23
1,220,000	$0.30	31-Dec-23
1,517,778	$0.36	31-Dec-23
4,430,797		

13. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the year ended July 31, 2023 included:

a) The Company issued 300,000 common shares pursuant to a mineral property agreement with a total value of $36,000.

b) The Company issued 666,667 common shares pursuant to a mineral property agreement with a total value of $33,333

c) Included in trade and other payables are $1,380 related to exploration and evaluation assets.

d) The Company received $200,000 marketable securities pursuant to a mineral property agreement (1,084,171 common shares of TRU Precious Metals Corp with a fair value of $100,000; and 3,333,333 common shares of TRU Precious Metals Corp with a fair value of $100,000).

e) The Company had net cost of negative $116,364 in exploration and evaluation assets. The $116,364 include non-cash items of $69,333 common shares issued for mineral property acquisition and $200,000 marketable securities from TRU Precious Metals Corp. In addition to $3,847 expenditures on asset retirement obligations, the Company spent $18,150 on exploration and evaluation assets.

Significant non-cash investing and financing transactions during the year ended July 31, 2022 included:

a) The Company issued 100,000 common shares pursuant to a mineral property agreement with a total value of $24,000.

b) The Company issued 500,000 common shares pursuant to a mineral property agreement with a total value of $75,000.

c) Included in trade and other payables are $19,514 related to exploration and evaluation assets.

d) The Company assumed $45,533 of flow-through liability on the issuance of flow-through private placement, and has recorded as a deduction from share capital.

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure adequate working capital is available to fund both the business development plans and the working capital requirements of each annual operating cycle. In the management of capital, the Company includes shareholders' equity (deficiency) in the definition of 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. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally-imposed capital requirements.

15. FINANCIAL INSTRUMENTS AND RISK

The Company has classified cash and marketable securities as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of July 31, 2023, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from a sublease office tenant and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2023, the Company had a cash balance of $162,781 to settle trade and other payables of $104,075, asset retirement obligation of $3,403 and due to related parties of $5,000. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

15. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Price risk

Price risk is the potential adverse impact on the Company's earnings due to movements in individual prices or general movements in the level of the stock market. The Company is subject to price risk in respect of its investments in marketable securities.

As at July 31, 2023 and 2022, the Company's exposure to price risk was not significant in relation to these Financial Statements.

16. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in classifications during the year ended July 31, 2023. Marketable securities were added in level 2 during the year ended July 31, 2023.

	As at July 31, 2023			
Assets	Level 1	Level 2	Level 3	Total
Cash	$ 162,781	$ -	$ -	$ 162,781
Marketable securities	-	154,613	-	154,613
Total	$ 162,781	$154,613	$ -	$ 317,394

	As at July 31, 2022			
Assets	Level 1	Level 2	Level 3	Total
Cash	$ 521,629	$ -	$ -	$ 521,629
Total	$ 521,629	$ -	$ -	$ 521,629

17. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

		2023		2022
Loss for the year	$	(628,210)	$	(1,149,850)
Expected income tax (recovery)	$	(170,000)	$	(310,000)
Change in statutory and other		16,000		-
Permanent differences		7,000		(38,000)
Impact of flow through share		-		185,000
Share issue cost		-		(5,000)
Adjustment to prior years provision versus :		-		22,000
Change in unrecognized deductible		147,000		146,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2023		2022
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	82,000	$	37,000
Property and equipment		4,000		4,000
Share issue costs		13,000		20,000
Marketable securities		6,000		-
Asset retirement obligation		1,000		2,000
Allowable capital losses		165,000		165,000
Non-capital losses		1,443,000		1,339,000
		1,714,000		1,567,000
Unrecognized deferred tax assets		(1,714,000)		(1,567,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

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

		2023	Expiry Date Range		2022	Expiry Date Range
Temporary Differences						
Share issue costs	$	50,000	2044 to 2047	$	74,000	2043 to 2046
Allowable Capital losses		612,000	No expiry date		612,000	No expiry date
Property and equipment		16,000	No expiry date		16,000	No expiry date
Exploration and evaluation assets		302,000	No expiry date		136,000	No expiry date
Marketable securities		45,000	No expiry date		-	No expiry date
Asset retirement obligation		3,000	No expiry date		7,000	No expiry date
Non-Capital losses		5,345,000	2027 to 2043		4,959,000	2026 to 2042

18. SUBSEQUENT EVENTS

Subsequent to the year ended July 31, 2023, on August 12, 2023, the Company withdrew from the LOI with Metals Creek signed on August 11, 2020.

Subsequent to the year ended July 31, 2023, the Company sold 1,084,171 common shares of TRU Precious Metals Corp at a fair value of $0.0235 per share for proceeds of $25,448.