

**METALLIC MINERALS CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2023 AND 2022**  
**(Expressed in Canadian Dollars)**

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## Independent Auditor's Report

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To the Shareholders of:  
**METALLIC MINERALS CORP.**

### Opinion

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

In our opinion, the accompanying consolidated 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 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

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the consolidated 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 a key audit matter to be communicated in our report.

### Evaluation of Assessment of Impairment Indicators of Exploration and Evaluation Assets

As described in Note 7, the carrying value of the Company's exploration and evaluation assets and related deferred costs is \$4,474,923 as at July 31, 2023. Management assesses at each reporting period-end whether there is an indication that an asset or group of assets is impaired. If such indicator exists, the asset's recoverable amount is estimated. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit or CGU). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Management applies significant judgment in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Company's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. No impairment indicators were identified by management as at July 31, 2023.

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We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the consolidated financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment indicators, and (iii) the significant auditor attention and audit effort the matter required.

### **Audit Response**

We responded to this matter by performing procedures over management's assessment of indicators of impairment which included the following:



- Obtained, for a sample of claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates;
- Reviewed internal and external resources, such as current year exploration expenditures and planned work programs and budgets to evidence continued and planned exploration expenditures;
- Assessed the Company's market capitalization to net assets ratio at July 31, 2023; and
- Assessed whether there are facts and circumstances that could indicate that the carrying values of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

### **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will 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 identified above 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.

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 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 Mike Kao.

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.  
November 28, 2023



**METALLIC MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Note	July 31, 2023 \$	July 31, 2022 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		5,666,316	4,571,865
Receivables	5	42,554	104,576
Due from related parties	11b	856,711	50,000
Prepaid expenses and deposits	6	86,827	182,294
		<b>6,652,408</b>	4,908,735
<b>Non-current</b>			
Deposits	6	59,486	59,486
Gold investment	7	208,014	-
Exploration and evaluation assets	7	4,474,923	4,135,726
		<b>11,394,831</b>	9,103,947
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		582,641	402,475
Due to related parties	11b	63,844	232,243
		<b>646,485</b>	634,718
<b>Non-current</b>			
Reclamation deposit	9	-	60,000
		<b>646,485</b>	694,718
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	43,754,613	37,593,061
Share-based payment reserve	10	3,921,365	3,444,612
Accumulated deficit		<b>(36,927,632)</b>	(32,628,444)
		<b>10,748,346</b>	8,409,229
		<b>11,394,831</b>	9,103,947

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board:

Gregor Hamilton, Director

Greg Johnson, Director

**METALLIC MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED JULY 31, 2023 and 2022**  
(Expressed in Canadian Dollars)

	Note	<u>2023</u>	<u>2022</u>
		\$	\$
<b>EXPENSES</b>			
Consulting	11a	461,075	502,737
Exploration expenditures	8,11a	3,178,679	5,370,513
Investor relations and corporate development		418,171	370,517
Office and administration		64,880	62,110
Professional fees		129,261	83,858
Property evaluation		10,622	953
Share-based payment expense	10e,11a	681,567	749,589
Transfer agent, regulatory and filing fees		45,468	54,652
Travel and accommodation		2,535	14,795
		<u>(4,992,258)</u>	<u>(7,209,724)</u>
<b>Other Items</b>			
Interest income		63,909	15,250
Unrealized gain on gold investment	7	6,118	-
		<u>(4,922,231)</u>	<u>(7,194,474)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>			
		<u>(0.03)</u>	<u>(0.05)</u>
<b>Basic and diluted loss per share</b>			
		<u>153,772,317</u>	<u>137,521,618</u>
<b>Weighted average number of shares outstanding</b>			

**METALLIC MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

	Note	Common shares number	Share capital \$	Share-based payment reserve \$	Deficit \$	Total \$
<b>Balance, July 31, 2021</b>		<b>129,664,975</b>	<b>30,909,690</b>	<b>3,240,035</b>	<b>(26,026,102)</b>	<b>8,123,623</b>
Private placements, net of issuance costs	10b	11,071,000	4,249,452	346,840	-	4,596,292
Shares issued pursuant to exercise of options	10b	187,824	61,045	(43,045)	-	18,000
Shares issued pursuant to exercise of warrants	10b	7,988,481	2,372,874	(256,675)	-	2,116,199
Share-based payment expense	10e	-	-	749,589	-	749,589
Reclassification of expired options	10e	-	-	(591,810)	591,810	-
Reclassification of expired warrants	10e	-	-	(322)	322	-
Net loss and comprehensive loss for the year		-	-	-	(7,194,474)	(7,194,474)
<b>Balance, July 31, 2022</b>		<b>148,912,280</b>	<b>37,593,061</b>	<b>3,444,612</b>	<b>(32,628,444)</b>	<b>8,409,229</b>
Private placement, net of issuance costs	10b	15,838,593	5,389,101	791,930	-	6,181,031
Shares issued for exploration and evaluation assets	7,10b	275,000	68,750	-	-	68,750
Shares issued pursuant to exercise of options	10b	446,154	321,333	(291,333)	-	30,000
Shares issued pursuant to exercise of warrants	10b	1,250,000	382,368	(82,368)	-	300,000
Share-based payment expense	10e	-	-	681,567	-	681,567
Reclassification of expired options	10e	-	-	(394,171)	394,171	-
Reclassification of expired warrants	10e	-	-	(228,872)	228,872	-
Net loss and comprehensive loss for the year		-	-	-	(4,922,231)	(4,922,231)
<b>Balance, July 31, 2023</b>		<b>166,722,027</b>	<b>43,754,613</b>	<b>3,921,365</b>	<b>(36,927,632)</b>	<b>10,748,346</b>

**METALLIC MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2023 and 2022**  
(Expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		(4,922,231)	(7,194,474)
Items not involving cash			
Reclamation deposit	9	(60,000)	-
Gold investment	7	(201,896)	-
Unrealized gain on gold investment	7	(6,118)	-
Share-based payment expense	10e	681,567	749,589
		<u>(4,508,678)</u>	<u>(6,444,885)</u>
Net change in non-cash working capital items	12	<u>(637,455)</u>	1,129,154
<b>Cash used in operating activities</b>		<u>(5,146,133)</u>	<u>(5,315,731)</u>
<b>INVESTING ACTIVITY</b>			
Acquisition of exploration and evaluation assets	7	<u>(270,447)</u>	<u>(866,210)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds received from private placement	10b	6,335,438	4,649,820
Share issuance costs	10b	(154,407)	(53,528)
Proceeds on exercise of options	10b	30,000	18,000
Proceeds on exercise of warrants	10b	300,000	2,116,199
<b>Cash provided by financing activities</b>		<u>6,511,031</u>	<u>6,730,491</u>
<b>NET CHANGE IN CASH</b>		<b>1,094,451</b>	548,550
Cash, beginning of year		<u>4,571,865</u>	4,023,315
<b>CASH, END OF YEAR</b>		<u><b>5,666,316</b></u>	<u>4,571,865</u>

Supplemental cash flow information (Note 12)



**METALLIC MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JULY 31, 2023 AND 2022**

(Expressed in Canadian dollars)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Metallic Minerals Corp. (the “Company”) was incorporated under the laws of British Columbia on May 3, 2007. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company is involved in activities that include the acquisition and exploration of mineral properties. The Company’s head office is located at 904 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol “MMG” and the US OTCQB Exchange under the symbol “MMNGF”.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$4,922,231 for the year ended July 31, 2023 (2022: \$7,194,474), and as of that date had an accumulated deficit of \$36,927,632 (2022: \$32,628,444). At July 31, 2023, the Company had a total of \$6,652,408 of current assets (2022: \$4,908,735) and a working capital of \$6,005,923 (2022: \$4,274,017).

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were approved by the Board of Directors on November 28, 2023.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently during the year ended July 31, 2023, unless otherwise indicated.

**a) Basis of Consolidation**

The consolidated financial statements include the results or financial information of Metallic Minerals Corp. and its wholly-owned subsidiaries as listed in the following table:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Functional currency</b>
Metallic Minerals Corp.	Canada	CAD
536386 Yukon Inc.	Canada	CAD
1219166 B.C. Ltd.	Canada	CAD
Metallic Minerals USA Inc.	USA	CAD

**METALLIC MINERALS CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All intercompany balances and transactions have been eliminated upon consolidation.

**b) Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid investments held in the form of certificates of deposit with investment terms of less than three months from the date of acquisition.

**c) Exploration and Evaluation Assets**

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the optionee. The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Where a third party has been granted the option to acquire an interest in a property owned by the Company, the fair value of any proceeds received in respect of that property is applied to the exploration and evaluation assets cost which is capitalized on the Company's consolidated statements of financial position. Once the amount capitalized in respect of that property has been reduced to \$Nil, any further payments received are reported in the Company's profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

**d) Impairment of long-lived assets**

The carrying amounts of non-current assets are reviewed for impairment at the end of each reporting period and whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset (or cash-generating unit) is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

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In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

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

**e) Financial Instruments**

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively. Financial assets and liabilities at FVTOCI are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income (loss). Those at amortized cost are subsequently carried at amortized cost less any impairment using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of 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.

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(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of loss.

f) **Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligations are incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on the passage of time, current market discount rates and liability specific risks. Adjustments to the liability as a result of the passage of time are recognized as borrowing costs, all other changes are recognized as a corresponding change to exploration and evaluation assets in the period in which they occur.

g) **Share Capital**

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

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the grant date. The balance, if any, was allocated to the attached warrants.

Units issued to finders or for the acquisition of exploration and evaluation assets, where no value is otherwise ascribed for the services or acquisition, are valued based on their components. The fair value of the common shares issued are determined by the closing quoted bid price on the issuance date, and the fair value of the warrants are valued on the date of issuance using the Black-Scholes option pricing model.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are recorded in equity as a deduction, net of tax, from proceeds.

h) **Reserves**

Share-based payment reserve is used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and agent's warrants is determined on the date of grant using the Black-Scholes option pricing model.

All equity-settled share-based payments are reflected in share-based payment reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, the value attributed to the options is transferred to deficit.

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**i) Share-Based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date is taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

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 modifications, is charged to the Company's 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 immediately 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 that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**j) Flow-Through Shares**

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. 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 allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method.

The residual value method for flow-through units allocates the proceeds first to the shares issued as determined by the closing quoted bid price on the issuance date. The residual value is allocated between warrants and flow-through share premium by calculating the value of the warrants using the Black-Scholes option pricing model, with any remaining value being attributed to the flow-through share premium.

If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the flow-through share premium liability corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

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Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

**k) Earnings or Loss Per Share**

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

Diluted earnings per share is computed by dividing the Company's net income applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period. Diluted loss per share is equivalent to basic loss per share, as the effect of potentially dilutive instruments would be anti-dilutive. The Company did not have any dilutive instruments as at July 31, 2023 (2022 – None).

**l) Income Taxes**

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. 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 that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**m) Government Grants**

Government grants related to exploration activities are recognized in profit or loss as a deduction from the related expenditure when there is reasonable assurance that the grant will be received. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

**n) Functional Currency**

The consolidated financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates.

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Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

**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 results may differ from these estimates and assumptions.

Information about critical judgments 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 within the next financial year are discussed below:

**a) Critical accounting estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the estimates and assumptions made by management prove to be incorrect. The critical accounting estimates include, but are not limited to, the following:

Premium on Flow-Through Units

At the time of issue, the Company estimates the proportion of proceeds attributable to the flow-through share premium, the common share and the warrant, if applicable, with reference to closing market prices and such techniques as the Black-Scholes option pricing model.

Share-based Payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

**b) Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of indications of impairment, and if identified then an impairment test, involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

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Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated.

Going Concern

The preparation of these consolidated financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern, as discussed in Note 1.

**5. RECEIVABLES**

The receivables balance as at July 31, 2023 and 2022 is comprised of the following:

	<b>July 31, 2023</b>	<b>July 31, 2022</b>
	\$	\$
GST receivable	41,754	103,776
Other	800	800
	<b>42,554</b>	<b>104,576</b>

**6. PREPAID EXPENSES AND DEPOSITS**

The prepaid expenses and deposits balance as at July 31, 2023 and 2022 is comprised of the following:

	<b>July 31, 2023</b>	<b>July 31, 2022</b>
	\$	\$
Prepaid expenses	65,067	67,944
Deposits	81,246	173,836
	146,313	241,780
Less: non-current portion	(59,486)	(59,486)
	<b>86,827</b>	<b>182,294</b>

As at July 31, 2023 and 2022, prepaid expenses included various prepaid amounts for filing fees, memberships and subscriptions, corporate development, marketing, insurance and legal retainers.

The Company engaged EarthLabs Inc (formerly GoldSpot Discoveries Corp.), an arm's length party, to assist in the Company's exploration programs by utilizing its proprietary technology including artificial intelligence. A payment of \$280,000 was made upon engagement and to date invoices of \$263,240 have been drawn down on the advance.

As at July 31, 2023 and 2022, there are deposits of \$28,750 in relation to the Company's exploration programs and a deposit of \$30,736 has been made in relation to a corporate credit card.



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**7. EXPLORATION AND EVALUATION ASSETS**

A summary of the changes in exploration and evaluation acquisition costs is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>Klondike Gold Project</b>	<b>McKay Hill Project</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance, July 31, 2021</b>	<b>505,259</b>	<b>2,152,869</b>	<b>583,498</b>	<b>27,890</b>	<b>3,269,516</b>
Cash payments	545,600	-	163,898	-	709,498
Licensing and maintenance	-	83,450	3,595	-	87,045
Staking	2,800	66,867	-	-	69,667
<b>Balance, July 31, 2022</b>	<b>1,053,659</b>	<b>2,303,186</b>	<b>750,991</b>	<b>27,890</b>	<b>4,135,726</b>
Cash payments	-	83,345	-	-	83,345
Licensing and maintenance	-	109,861	-	-	109,861
Staking	-	22,377	54,864	-	77,241
Shares issued	-	68,750	-	-	68,750
<b>Balance, July 31, 2023</b>	<b>1,053,659</b>	<b>2,587,519</b>	<b>805,855</b>	<b>27,890</b>	<b>4,474,923</b>

**KENO SILVER PROJECT**

The Company's 100% owned flagship Keno Silver project, located in the Keno Hill silver district of Canada's Yukon Territory, comprises 171 km<sup>2</sup> including the Keno-Lightning, Keno Summit, Gram, Cobalt Hill, Keno-East, Duncan Creek, Sourdough Hill, Formo and Silver Queen properties. The Keno Silver project directly adjoins Hecla Mining's Keno Hill operations which are undergoing final mine commissioning and start-up.

**Keno-Lightning Property**

The Keno-Lightning property, which includes Homestake, is the largest property within the Keno Silver project and is subject to a 3% Net Smelter Royalty ("NSR"). The Company has the option to buy back up to 2% of this NSR. The Company acquired additional mining claims during the year ended July 31, 2022 for consideration of \$218,000 in value.

**Keno Summit Property**

The Company owns 100% of 17 claims and five leases on the Keno Summit property. Nine claims are subject to the same NSR as the Gram property, seven claims and two leases are subject to the same NSR as the Silver Queen property, three leases are subject to the same NSR as the Formo property and one claim is not subject to an NSR.

**Gram Property**

The Company owns 100% of the Gram property which consists of 42 claims covering approximately 8.7 km<sup>2</sup> on the east side of the Keno Hill silver district. The Gram property is subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

**Cobalt Hill Property**

The Company owns 100% of the Cobalt Hill property covering 4.2 km<sup>2</sup> that are contiguous with the eastern end of the Keno-Lightning property in the Keno Hill silver district. Cobalt Hill is subject to a 3% NSR and the Company has the option to buy back up to 1.5% of this NSR.

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**Keno-East Property**

The Company staked additional ground in the Keno-East target area, which covers the eastern and southern extension of the Keno Hill silver district. The Company owns 100% of these claims and are not subject to any NSR.

**Duncan Creek Property**

The Duncan Creek property was staked by the Company in January 2017 along with other claims totaling approximately 30.2 km<sup>2</sup>. The Company owns 100% of the Duncan Creek claims and they are not subject to any NSR.

**Sourdough Hill Property**

The Company acquired 100% of the Sourdough Hill property during the year ended July 31, 2022 for consideration of \$327,600 in value. The property includes 30 mining claims in the Keno Hill silver district. The property is subject to a 3% NSR and the Company has the option to buy back up to 1.5% of this NSR.

**Formo Property**

The Company owns 100% of 16 mining leases in the Keno Hill silver district. The Formo property is subject to a 2% NSR for precious metals and a 1% NSR for base metals. The Company has an option to buy back the full NSR.

**Silver Queen Property**

The Company owns 100% of the Silver Queen property which consists of 20 claims primarily on the western end of the Keno Hill silver district. The Silver Queen property is subject to a 2% NSR and the Company has the option to buy back the full NSR.

**LA PLATA PROJECT**

Pursuant to an option agreement dated September 10, 2019, as amended, the Company acquired an option to acquire a 100% interest in the La Plata copper-silver-gold-PGE property in southwest Colorado from two arms-length vendors. The road accessible La Plata property, which is approximately 10 km northeast of the town of Mancos, Colorado, covers approximately 44 km<sup>2</sup> in the historic high-grade La Plata mining district.

In order to earn the 100% interest in the La Plata property, the Company has the following commitments:

- Issue 1,250,000 units to each of the two Shareholders of the optionor within 10 days of receipt of final Exchange approval of the Option Agreement. 2,500,000 units were issued on September 26, 2019 with each warrant having an exercise price of \$0.24. The units were valued at \$582,368;
- Issue 1,250,000 units to each of the two Shareholders of the optionor 30 days after a plan of operations permit is issued for the property. On July 28, 2021 the agreement was amended to deem the date of issuance of the plan of operations permit for these units to be July 15, 2021 with 2,500,000 units issued on July 29, 2021 with each warrant having an exercise price of \$0.62. The units were valued at \$1,312,956;
- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the first anniversary that the plan of operations permit is actually issued for this property (first anniversary date being January 5, 2024);

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- Issue 1,250,000 units to each of the two Shareholders of the optionor on or before the second anniversary that the plan of operations permit is actually issued for this property (second anniversary date being January 5, 2025); and
- Pay US\$250,000 to each of the two Shareholders of the optionor on or before the third anniversary that the plan of operations permit is actually issued for this Property (third anniversary date being January 5, 2026) and 90 days after the completion of a preliminary economic assessment on the property.

Upon issuance, each of the units will comprise one common share and one-half of a share purchase warrant, with each full warrant exercisable into one common share of the Company for a period of 36 months from issuance at an exercise price equal to 120% of the 20-day volume weighted average trading price of the Company's common shares on the TSX-V on the business day immediately preceding the date of issuance.

The La Plata property will be subject to a 2% NSR and the Company will have the ability to buy down the NSR to 1.5%.

During the year ended July 31, 2023, the Company acquired 100% interest in 8 patented mineral claims within the La Plata mining district in southwest Colorado. The claims are surrounded by, and contiguous with, unpatented mining claims held by the Company within the greater La Plata property claim outline. These interests were acquired by one-time cash payments totaling \$83,345 (US\$60,000) and the issuance of 275,000 common shares (valued at \$68,750).

**KLONDIKE GOLD PROJECT – ROYALTY PORTFOLIO**

The Company's alluvial properties are located on tributaries of the Indian River in the Klondike gold district near Dawson City, Yukon and comprise Australia, Dominion and Melba Creeks. The Company also owns alluvial claims that are managed along with the Klondike Gold project at California Creek east of Dawson City and in the Keno Hill silver district at McKim, Allen, Faith and East Granite Creeks.

During the year ended July 31, 2022, the Company acquired 235 additional placer gold claims in the Keno Silver district for \$58,898 as well as acquiring an alluvial mining lease on Australia Creek for consideration of \$105,000 in value.

**Australia Creek Property**

On September 7, 2017, and amended on December 29, 2017, the Company entered into an option agreement to acquire a 100% interest from underlying claim holders in approximately 26 miles (42 km) of mining rights and 18 miles (29 km) of bench claims along the Australia Creek drainage (the "Australia Creek Property"), a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon. One of the Vendors is a related party as a director of the Company.

The Company completed the earn in of their 100% interest during the year ended July 31, 2020 by paying \$37,500 cash and issuing 200,000 common shares on March 31, 2020 (valued at \$30,000) to one vendor and paying cash of \$15,000 to the other vendor.

Under the Australia Creek option agreement, the vendors will receive a 4% royalty on all alluvial gold production from the Company and the Company has the ability to buy back the royalty.

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On January 10, 2023, the Company signed a production royalty agreement on 5 ½ miles of alluvial gold claims at its Australia Creek property in the Klondike Gold District of Canada's Yukon Territory, with Little Flake Mine ULC ("Little Flake"), consolidating the three permitted blocks under a single operator. Under the terms of the agreement, Little Flake will be granted exclusive rights to extract gold from the Australia Creek property, with Metallic Minerals receiving a percentage of the production as a royalty. Under the terms of the Australia Creek property agreement, Little Flake must complete a \$1 million minimum annual work commitment and pay Metallic Minerals an annual advance royalty plus a variable royalty on all gold production.

Pursuant to the agreement, Little Flake has the following commitments:

- Make an initial non-refundable cash payment of \$125,000 on the Effective Date (received on February 27, 2023); and
- Deliver 100 raw ounces of gold representing the annual advance royalty payment having a fineness of not less than 80% on the Effective Date (received on February 28, 2023 - on the effective date the gold value was \$201,896. As at July 31, 2023 the gold value was \$208,014, the difference of \$6,118 was recorded to the consolidated statement of loss and comprehensive loss).
- Pay an annual advance royalty for each of the next five calendar years in the amount of:
  - 100 raw ounces of gold having a fineness of not less than 80%; and
  - Pay a production royalty of 20%, 15% and 16% of all Placer Minerals mined, extracted, recovered, produced, removed or otherwise derived from the Lower Block, Middle Block and Upper Block, respectively.

**Dominion Creek Property**

The Company has a 100% interest in 10 claims of mining rights along a bench of Dominion Creek, a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon. The Company has a production royalty agreement with respect to these claims under which the Company has granted exclusive mining rights to the Operator in exchange for a 15% royalty on all gold production.

**MCKAY HILL PROJECT**

The Company has a 100% interest in the McKay Hill project, which covers approximately 44 km<sup>2</sup> and is located northeast of the Keno Silver project in the Yukon Territory. The property is subject to a 3% NSR and the Company has the option to buy back up to 2% of this NSR.

**Silver Hill Property**

The Company owns a 100% interest in 10.7 km<sup>2</sup> of claims 15 km north of the McKay Hill property. The property is not subject to any NSR and is managed along with the McKay Hill project.

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**8. EXPLORATION EXPENDITURES**

A summary of the exploration expenditures incurred for the year ended July 31, 2023 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>Klondike Gold Project</b>	<b>McKay Hill Project</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Analysis	144,206	84,881	-	-	229,087
Camp costs	125,578	48,785	1,835	-	176,198
Community	6,530	-	220	-	6,750
Consulting	604,126	686,941	69,886	3,851	1,364,804
Drilling	389,674	849,555	-	-	1,239,229
Equipment and communication	27,768	65,832	-	-	93,600
Fuel	62,353	1,984	708	-	65,045
Geophysics	92,062	17,925	-	-	109,987
Helicopter	151,147	-	43,546	-	194,693
Lands and permitting	9,950	14,265	15,359	-	39,574
Transportation and travel	23,796	31,949	4,028	-	59,773
	<b>1,637,190</b>	<b>1,802,117</b>	<b>135,582</b>	<b>3,851</b>	<b>3,578,740</b>
Less: Government grant	-	-	(13,166)	-	(13,166)
Less: Production royalty	-	-	(326,895)	-	(326,895)
Less: Reclamation deposit	-	-	(60,000)	-	(60,000)
	<b>1,637,190</b>	<b>1,802,117</b>	<b>(264,479)</b>	<b>3,851</b>	<b>3,178,679</b>

A summary of the exploration expenditures incurred for the year ended July 31, 2022 is presented below:

	<b>Keno Silver Project</b>	<b>La Plata Project</b>	<b>Klondike Gold Project</b>	<b>McKay Hill Project</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Analysis	204,356	95,331	-	-	299,687
Camp costs	303,082	8,532	-	-	311,614
Community	2,786	-	-	-	2,786
Consulting	827,184	663,658	219,655	2,908	1,713,405
Drilling	1,176,245	193,201	-	-	1,369,446
Equipment and communication	91,690	9,760	1,114	-	102,564
Fuel	210,805	1,426	-	-	212,231
Geophysics	100,891	96,513	60,608	-	258,012
Helicopter	908,613	92,141	-	-	1,000,754
Lands and permitting	6,160	33,467	4,207	-	43,834
Transportation and travel	47,312	6,818	2,050	-	56,180
	<b>3,879,124</b>	<b>1,200,847</b>	<b>287,634</b>	<b>2,908</b>	<b>5,370,513</b>

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**9. RECLAMATION DEPOSIT**

During the year ended July 31, 2021, the Company received \$60,000 from a production royalty agreement representing a refundable reclamation deposit. The deposit was refundable once mining activities have been completed on the property and reclamation as set forth within the agreement have been completed. The deposit was forfeited when the agreement was terminated during the year ended July 31, 2023.

**10. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares without par value.

**b) Share issuance details**

**Year ended July 31, 2023**

- On May 18, 2023, the Company completed a 9.5% strategic equity investment by a wholly-owned subsidiary of Newcrest Mining Ltd ("Newcrest"). Pursuant to the placement, the Company issued 15,838,593 units at a price of \$0.40 per unit for gross proceeds of \$6,335,437, with each unit comprising one common share and 0.75 of a common share purchase warrant. Each full warrant shall entitle Newcrest to purchase one common share at an exercise price of \$0.55. In connection with the financing, the Company incurred cash share issuance costs of \$154,406.
- The Company issued 100,000 common shares pursuant to the exercise of 100,000 options with an exercise price of \$0.30 per share for total gross proceeds of \$30,000. The share price on the date of exercise was \$0.36. An additional total of 1,400,000 options were exercised using Share Appreciation Rights ("SARs") and 346,154 common shares were issued.
- The Company issued 1,250,000 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.24 per share for gross proceeds of \$300,000. The weighted average share price on the date of exercise was \$0.27.
- The Company issued 275,000 common shares pursuant to the purchase of claims on the La Plata property. The common shares were valued at the date of issuance \$68,750.

**Year ended July 31, 2022**

- On June 8, 2022 the Company closed a private placement in two tranches by issuing a total of 10,446,000 flow-through ("FT") units and 625,000 non-FT units at \$0.42 for aggregate gross proceeds of \$4,649,820. In connection with the private placement, the Company incurred cash share issuance costs of \$43,363.

The 10,446,000 FT units were issued at \$0.42 per unit for gross proceeds of \$4,387,320. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common flow-through share of the Company at an exercise price of \$0.50 for a period of 30 months following the closing date. The Company allocated \$321,840 of the gross proceeds to warrant reserve using the residual value method. No flow-through share premium liability was allocated to the units.

The 625,000 non-FT units were issued at \$0.42 per unit for gross proceeds of \$262,500. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.50 for a period of 30 months following the closing date. The Company allocated \$25,000 to warrant reserve using the residual value method.

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- The Company issued 100,000 common shares pursuant to the exercise of 100,000 options with a weighted average exercise price of \$0.18 per share for total gross proceeds of \$18,000. The weighted average share price on the date of exercise was \$0.44. An additional total of 200,000 options were exercised using SARs and 87,824 common shares were issued.
- The Company issued 7,988,481 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.26 per share for gross proceeds of \$2,116,199. The weighted average share price on the date of exercise was \$0.41.

**c) Stock options**

A summary of the changes in stock options is presented below:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
		<b>\$</b>
Balance, July 31, 2021	12,418,000	0.38
Granted	3,485,000	0.41
Exercised	(300,000)	0.21
Expired	(2,400,000)	0.45
Balance, July 31, 2022	13,203,000	0.38
Granted	3,855,000	0.23
Exercised	(1,500,000)	0.30
Cancelled	(350,000)	0.56
Expired	(955,000)	0.60
<b>Balance, July 31, 2023</b>	<b>14,253,000</b>	<b>0.33</b>
<b>Exercisable, July 31, 2023</b>	<b>10,546,333</b>	<b>0.35</b>

The following stock options were outstanding as at July 31, 2023:

<b>Outstanding</b>	<b>Exercisable</b>	<b>Weighted average exercise price</b>	<b>Expiry date</b>	<b>Weighted average remaining life (in years)</b>
		<b>\$</b>		
1,600,000	1,600,000	0.18	February 28, 2024	0.58
818,000	818,000	0.18	August 8, 2024	1.02
1,600,000	1,600,000	0.22	May 8, 2025	1.77
750,000	750,000	0.43	June 22, 2025	1.90
2,120,000	2,120,000	0.60	January 12, 2026	2.45
100,000	100,000	0.65	April 30, 2026	2.75
1,590,000	1,060,000	0.41	March 29, 2027	3.66
1,820,000	1,213,333	0.41	May 5, 2027	3.76
3,855,000	1,285,000	0.23	January 30, 2028	4.50
<b>14,253,000</b>	<b>10,546,333</b>	<b>0.33</b>		<b>2.91</b>

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**d) Warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, July 31, 2021	20,652,548	0.45
Issued	5,535,500	0.50
Exercised	(7,988,481)	0.26
Expired	(11,000)	0.33
Balance, July 31, 2022	18,188,567	0.54
Issued	11,878,944	0.55
Exercised	(1,250,000)	0.24
Expired	(10,153,067)	0.60
<b>Balance, July 31, 2023</b>	<b>18,664,444</b>	<b>0.54</b>

The following warrants were outstanding as at July 31, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
	\$		
1,250,000	0.62	July 29, 2024	1.00
4,800,000	0.50	December 8, 2024	1.36
735,500	0.50	December 30, 2024	1.42
11,878,944	0.55	May 18, 2026	2.80
<b>18,664,444</b>	<b>0.54</b>		<b>2.25</b>

**e) Share-based payment expense and reserve**

The weighted average fair value on grant date of the options granted during the year ended July 31, 2023 was \$431,220 (2022: \$345,327), or \$0.11 (2022: \$0.20) per option and total share-based payment expense was \$681,567 (2022: \$749,589). Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods.

During the year ended July 31, 2023, the Company granted 3,855,000 stock options. During the year ended July 31, 2022, the Company granted 3,485,000 stock options. The fair value of the stock options that were granted during the years ended July 31, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Risk free interest rate	2.99%	2.50%
Expected stock price volatility	53%	52%
Expected dividend yield	Nil	Nil
Expected option life in years	5.0	5.0
Spot price on date of grant	\$0.23	\$0.41

During the year ended July 31, 2023, the Company reclassified \$394,171 (2022: \$591,810) from share-based payments reserve to deficit with respect to options that were cancelled and expired during the year and \$228,872 (2022: \$322) with respect to warrants that expired during the year.



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**11. RELATED PARTY TRANSACTIONS**

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the years ended July 31, 2023 and 2022:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on projects such as drilling, sampling and geophysics), consulting, investor relations, corporate development costs, and other administrative costs. Greg Johnson, CEO of the Company is a minority shareholder of TruePoint.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

**a) Related Party Transactions**

Related party transactions for the years ended July 31, 2023 and 2022 were as follows:

		<u>2023</u>	<u>2022</u>
Consulting fees	1	433,055	406,141
Share-based payments	2	276,238	253,597
Transactions with TruePoint	3	2,287,146	4,569,121
		<u>2,996,439</u>	<u>5,228,859</u>

<sup>1</sup> Consulting fees for the years ended July 31, 2023 and 2022 consisted of fees earned by key management personnel.

<sup>2</sup> Share-based payment expense is a non-cash item that consisted of the fair value of stock options that were granted to key management personnel.

<sup>3</sup> Transactions with TruePoint for the year ended July 31, 2023 consisted of exploration expenditures (\$2,004,022) and investor relations and corporate development fees (\$283,124).

**b) Related Party Balances**

The Company's related party balances consisted of the following:

		<u>July 31, 2023</u>	<u>July 31, 2022</u>
<b>Current assets</b>		<b>\$</b>	<b>\$</b>
Due from TruePoint	1	806,711	-
Due from Greg Johnson	2	50,000	50,000
		<u>856,711</u>	<u>50,000</u>
<b>Current liabilities</b>			
Due to TruePoint	1	-	144,286
Due to Greg Johnson		45,000	71,436
Due to Scott Petsel		18,844	16,521
		<u>63,844</u>	<u>232,243</u>

<sup>1</sup> This amount was net of cash advances made to TruePoint for future exploration offset by charges from TruePoint.

<sup>2</sup> This amount relates to an expense advance as at July 31, 2023 and 2022.

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Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

**c) Insider Participation in Private Placements**

A summary of insider participation in the Company's private placements for the years ended July 31, 2023 and 2022 was as follows:

	Number of Units	Price	Proceeds
<b>June 2022 Private Placement</b>		\$	\$
Alicia Milne	4,400	0.42	1,848
Scott Petsel	25,000	0.42	10,500

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the years ended July 31, 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Receivables	62,022	(56,249)
Due to/from related parties	(975,110)	795,381
Prepaid expenses and deposits	95,467	166,117
Accounts payable and accrued liabilities	180,166	223,905
	<b>(637,455)</b>	<b>1,129,154</b>

The non-cash financing and investing transactions for the year ended July 31, 2023 consisted of the Company:

- issuing 346,154 common shares pursuant to the exercise of 1,400,000 options using SARs; and
- Issuing 275,000 common shares valued at \$68,750 pursuant to the purchase of additional claims on the La Plata property.

The non-cash financing and investing transactions for the year ended July 31, 2022 consisted of the Company:

- issuing 87,824 common shares pursuant to the exercise of 200,000 options using SARs.

**13. FINANCIAL INSTRUMENTS**

**a) Categories of Financial Instruments**

The Company's financial instruments consist of cash, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties. Cash, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties are classified as amortized cost.

As at July 31, 2023, the Company believes the carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

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**b) Financial Risk Management**

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

**i) Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at July 31, 2023, all of the Company's financial liabilities had contractual maturities of less than 90 days. The Company may not have sufficient cash to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company may be required to raise additional capital in the future to fund its operations.

**ii) Currency Risk**

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

**iii) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

**iv) Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better. All investments must be less than one year in duration.

**v) Other Price Risk**

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

**14. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the acquisition, exploration, and development of its exploration and evaluation assets.

The Company considers the items included in equity as 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 the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders.

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The Company does not have any externally imposed capital requirements to which it is subject. There were no changes in the Company's approach to capital management during the year ended July 31, 2023.

**15. INCOME TAXES**

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	<u>2023</u>	<u>2022</u>
	\$	\$
Net loss for the year	(4,922,231)	(7,194,474)
Canadian federal and provincial income tax rates	<u>27%</u>	<u>27%</u>
Expected income tax recovery at statutory rate	(1,329,002)	(1,942,508)
Increase (decrease) due to:		
Non-deductible expenditures and other permanent differences	175,052	525,770
Income tax benefit renounced with flow-through shares	472,168	402,518
Difference in foreign tax rates and foreign exchange	32,471	-
Losses for which no tax benefit is recorded	<u>649,311</u>	<u>1,014,220</u>
Income tax recovery as recorded	<u>-</u>	<u>-</u>

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Share issue costs	587,605	699,612
Exploration and evaluation assets	6,717,287	6,960,752
Capital losses and other	26,999	33,117
Non-capital losses	<u>10,644,184</u>	<u>9,498,965</u>
Unrecognized temporary differences and non-capital losses	<u>17,976,075</u>	<u>17,192,446</u>

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at July 31, 2023, the Company had exploration and evaluation expenditures of approximately \$8,605,000 which are available to carry-forward indefinitely, and non-capital losses of approximately \$10,644,000 that expire as follows:

	\$
2027 - 2032	1,609,000
2033 - 2037	2,354,000
2038 - 2043	<u>6,681,000</u>
	<u>10,644,000</u>

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**16. SEGMENTED INFORMATION**

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on location:

	<b>July 31, 2023</b>	<b>July 31, 2022</b>
	\$	\$
Non-current assets by geographic segment		
Canada	2,154,904	1,892,026
United States	2,587,519	2,303,186
	<u>4,742,423</u>	<u>4,195,212</u>

**17. COMMITMENTS**

As a result of the issuance of flow-through units on June 8, 2022 and June 30, 2022, the Company has a commitment to incur \$4,387,320 in qualifying Canadian exploration expenditures prior to December 31, 2023. As at July 31, 2023, the Company had incurred \$3,280,827 of those qualifying exploration expenditures. The remaining expenditures of \$1,106,493 were completed subsequent to year end.