GRANITE CREEK
COPPER

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2022
AND 2021

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
GRANITE CREEK COPPER LTD.

SERVICE

INTEGRITY

TRUST

Opinion

We have audited the consolidated financial statements of Granite Creek Copper Ltd. ("the Company"), which comprise the consolidated statements of financial position as at May 31, 2022 and 2021 and the consolidated statements of 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 May 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 describe 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.

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

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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.
September 27, 2022

GRANITE CREEK COPPER LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	May 31, 2022	May 31, 2021
		$	**$**
ASSETS			
Current			
Cash		**949,655**	3,937,446
Receivables		**21,759**	200,591
Prepaid expenses and deposits	4	**267,134**	233,306
		1,238,548	4,371,343
Non-current			
Reclamation bonds	5,6	**90,300**	90,300
Exploration and evaluation assets	5,6	**8,361,256**	8,219,806
		9,690,104	12,681,449
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**375,630**	576,823
Loans	5,7	**-**	206,803
Due to related parties	7,11(b)	**674,654**	1,082,090
Flow-through share premium liability	8	**145,334**	246,125
		1,195,618	2,111,841
Non-current			
Severance liability	9	**658,429**	598,570
		1,854,047	2,710,411
SHAREHOLDERS' EQUITY			
Share capital	10	**17,940,545**	15,832,383
Share-based payment reserve	10(f)	**1,771,498**	1,451,736
Foreign currency translation reserve		**(3,586)**	(3,586)
Deficit		**(11,872,400)**	(7,309,495)
		7,836,057	9,971,038
		9,690,104	12,681,449

Nature of Operations and Going Concern – Note 1
Commitments – Note 16
Subsequent event – Note 17

Approved on behalf of the Board:

"Timothy A. Johnson", Director

"Michael Rowley", Director

GRANITE CREEK COPPER LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended May 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	2022	2021
		$	$
EXPENSES			
Consulting and management fees	11(a)	**308,045**	382,972
Corporate advisory fees		**143,876**	143,445
Exploration expenditures	6,11(a)	**3,622,743**	2,315,314
Investor relations		**275,716**	115,526
Office and administration		**38,923**	26,746
Professional fees		**89,268**	110,070
Property evaluation		**1,885**	5,898
Share-based payment expense	10(f),11(a)	**415,916**	284,596
Transfer agent, regulatory and filing fees		**29,833**	92,928
Travel and accommodation		**10,001**	3,505
		(4,936,206)	(3,481,000)
Other Items			
Other income	8	**309,124**	298,039
Interest expense		**(21,688)**	(11,299)
Gain on investment in associate	5	**-**	1,072,878
Gain on settlement of debt	10(b),12	**81,184**	8,666
Severance liability accretion expense	9	**(59,859)**	(28,228)
NET LOSS AND COMPREHENSIVE LOSS		**(4,627,445)**	(2,140,944)
Basic and diluted loss per share		**(0.04)**	(0.03)
Weighted average number of shares outstanding		**127,540,984**	85,159,919

GRANITE CREEK COPPER LTD.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Note	Common Shares	Share Capital	Share-based Payments Reserve	Subscriptions Received	Foreign Currency Translation Reserve	Deficit	Total
		number	$	$	$	$	$	$
Balance, May 31, 2020		**46,313,033**	**5,379,133**	**416,589**	**149,264**	**(3,586)**	**(5,198,481)**	**742,919**
Private placements, net of issue costs	10(b)	48,637,049	7,011,125	487,055	(149,264)	-	-	7,348,916
Flow-through share premium liability	8,10(b)	-	(537,556)	-	-	-	-	(537,556)
Shares issued for acquisition	5	24,893,918	3,734,088	-	-	-	-	3,734,088
Shares issued on exercise of options	10(b)	531,000	133,800	(58,900)	-	-	-	74,900
Shares issued on exercise of warrants	10(b)	1,059,800	97,443	(8,583)	-	-	-	88,860
Shares issued on exercise of RSUs	10(b)	70,000	14,350	(14,350)	-	-	-	-
Options acquired on acquisition	5	-	-	259,203	-	-	-	259,203
Warrants acquired on acquisition	5	-	-	116,056	-	-	-	116,056
Share-based payment expense	10(f)	-	-	284,596	-	-	-	284,596
Re-class of cancelled options	10(f)	-	-	(29,930)	-	-	29,930	-
Net loss and comprehensive loss		-	-	-	-	-	(2,140,944)	(2,140,944)
Balance, May 31, 2021		**121,504,800**	**15,832,383**	**1,451,736**	**-**	**(3,586)**	**(7,309,495)**	**9,971,038**
Private placements, net of issue costs	10(b)	8,333,337	1,378,622	20,039	-	-	-	1,398,661
Flow-through share premium liability	8,10(b)	-	(208,333)	-	-	-	-	(208,333)
Shares issued for debt	10(b)	344,648	49,974	-	-	-	-	49,974
Shares issued on exercise of options	10(b)	442,017	106,581	(51,581)	-	-	-	55,000
Shares issued on exercise of warrants	10(b)	4,786,006	781,318	(72)	-	-	-	781,246
Share-based payment expense	10(f)	-	-	415,916	-	-	-	415,916
Re-class of expired options and warrants	10(f)	-	-	(64,540)	-	-	64,540	-
Net loss and comprehensive loss		-	-	-	-	-	(4,627,445)	(4,627,445)
Balance, May 31, 2022		**135,410,808**	**17,940,545**	**1,771,498**	**-**	**(3,586)**	**(11,872,400)**	**7,836,057**

GRANITE CREEK COPPER LTD.
Consolidated Statements of Cash Flows
For the Years Ended May 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	2022	2021
		$	$
OPERATING ACTIVITIES			
Net loss for the year		**(4,627,445)**	(2,140,944)
Items not involving cash:			
Other income	8	**(309,124)**	(298,039)
Interest expense		**9,906**	11,079
Gain on investment in associate	5	**-**	(1,072,878)
Share-based payment expense	10(f)	**415,916**	284,596
Severance liability accretion expense	9	**59,859**	28,228
Gain on settlement of debt	10(b),12	**(81,184)**	(8,666)
		(4,532,072)	(3,196,624)
Net change in non-cash working capital items	12	**(337,467)**	(333,046)
Cash used in operating activities		**(4,869,539)**	(3,529,670)
INVESTING ACTIVITIES			
Acquisition of exploration and evaluation assets	6	**(141,450)**	(11,521)
Acquisition transaction costs	5	**-**	(201,688)
Acquisition of cash	5	**-**	2,784
Cash used in investing activities		**(141,450)**	(210,425)
FINANCING ACTIVITIES			
Proceeds received from private placements	10(b)	**1,500,001**	7,763,506
Share issue costs	10(b)	**(101,340)**	(414,590)
Repayment of loan	7	**(211,709)**	-
Proceeds from exercise of warrants	10(b)	**781,246**	88,860
Proceeds from exercise of options	10(b)	**55,000**	74,900
Cash provided by financing activities		**2,023,198**	7,512,676
CHANGE IN CASH		**(2,987,791)**	3,772,581
Cash, beginning of year		**3,937,446**	164,865
CASH, END OF YEAR		**949,655**	3,937,446

Supplemental cash flow information (Note 12)

1. NATURE OF OPERATIONS AND GOING CONCERN

Granite Creek Copper Ltd. (the "Company") was incorporated on June 23, 2010 under the British Columbia Business Corporations Act. The Company's principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company's corporate office and its principal place of business is Suite 904, 409 Granville Street, Vancouver, BC, V6C 1T2. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol "GCX".

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 $4,627,445 during the year ended May 31, 2022, and as of that date, had an accumulated deficit of $11,872,400 (2021: $7,309,495) and working capital of $42,930 (2021: $2,259,502). At May 31, 2022, the Company had a total of $1,238,548 (2021 - $4,371,343) in current assets and 658,429 (2021 - $598,570) in long term debt.

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 AND STATEMENT OF COMPLIANCE

Statement of compliance

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"). These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these consolidated financial statements on September 27, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the results or financial information of Granite Creek Copper Ltd. and its wholly-owned subsidiaries listed in the following table:

Name	Country of incorporation
Copper North Mining Corp.	Canada
Carmacks Mining Corp.	Canada
Granite Creek (Barbados) Limited (inactive)	Barbados
Granite Creek (Mali) Sarl (inactive)	Mali
838232 Yukon Inc.	Canada

On November 27, 2020 the Company acquired 100% of the outstanding common shares of Copper North Mining Corp ("Copper North") and its wholly owned subsidiary Carmacks Mining Corp ("Carmacks Mining"). The operating results of Copper North and Carmacks Mining were recognized in the interim consolidated statement of loss and comprehensive loss beginning on that date (Note 5).

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) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

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 the impairment 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.

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. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

c) Investment in Associate

Investments over which the Company exercises significant influence but does not control or jointly control are associates. Investment in associates is accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of any other changes in the associate's net assets. The Company's share of the profit or loss from the associate is recorded in the Consolidated Statements of Loss and Comprehensive Loss. The Company's proportionate share of the associate's income or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's accounting policies before applying the equity method.

d) 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. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in 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.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

e) Related Party Transactions

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

f) Share Capital

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. Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

g) Non-monetary Transactions

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

h) Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received. The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credited to share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry or cancellation, related fair value previously recorded is transferred from share-based payment reserve to deficit.

i) Flow-through Shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

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. 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 income 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 consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

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 Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

k) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date.

Deferred tax assets also result from unused tax losses carried forward, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial Instruments

Classification

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.

Measurement - Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Measurement - Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statements of Comprehensive Income or 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 Comprehensive Income or Loss in the period in which they arise.

(Expressed in Canadian Dollars)

Impairment of financial assets

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

4. PREPAID EXPENSES AND DEPOSITS

	2022	2021
	$	$
Prepaid expenses	259,134	47,089
Deposits	8,000	186,217
	267,134	**233,306**

In March 2021, the Company engaged Goldspot Discoveries Corp., an arms-length party, to assist the Company in identifying preferential environments for precious and base metal mineralization on the Company's properties by utilizing artificial intelligence and its proprietary technology. A payment of $280,000 was made upon engagement and during the year ended May 31, 2022 the work was completed. The Company has made total deposits of $222,000 for work to be completed on the Carmacks property and to May 31, 2022 invoices of $25,375 were drawn down on the advance. The Company prepaid the advance royalty of $30,000 due prior to May 31, 2023.

5. ACQUISITION OF COPPER NORTH MINING CORP.

On December 5, 2019, the Company acquired 26,146,233 common shares of Copper North in exchange for 10,529,663 common shares of the Company. At that date, the Company owned 30% of the outstanding shares of Copper North and accounted for the investment using the equity method of accounting.

On August 31, 2020, the Company entered into a definitive arrangement agreement (the "Arrangement") with Copper North pursuant to which the Company acquired all of the outstanding Copper North common shares not already owned by the Company.

Under the terms of the Arrangement, Copper North shareholders received one common share of the Company for every two and one-half Copper North Shares ("Exchange Ratio"). All outstanding warrants and options of Copper North were exchanged (or deemed to be exchanged) for warrants and options, respectively, of the Company at the Exchange Ratio, with appropriate adjustments to the exercise price, but shall not otherwise be amended, including with respect to vesting and expiry. The transaction was completed on November 27, 2020 for an additional consideration of 24,893,918 common shares of the Company.

As at November 27, 2020, the Company discontinued the equity method of accounting. The Company's investment in associate as at November 27, 2020, prior to the acquisition, and the changes for the six months then ended are as follows:

(Expressed in Canadian Dollars)

Investment in Associate	**$**
Initial recognition	684,428
Share of loss in equity accounted investee	(177,857)
Balance, May 31, 2020	506,571
Share of loss in equity accounted investee	(93,730)
Balance, November 27, 2020	412,841
Gain on net increase in value of investment in associate	1,166,608
Discontinuance of equity method	(1,579,449)
November 27, 2020	-

The following is a summary of Copper North's financial information on a 100% basis as at November 27, 2020. Copper North's consolidated financial statements are prepared in accordance with IFRS.

	November 27, 2020
	$
Total current assets	40,191
Total non-current assets	17,233,627
Total current liabilities	(1,640,394)
Total non-current liabilities	(570,342)
Net asset value	15,063,082
Net loss from June 1, 2020 to November 27, 2020	(309,000)
Proportionate share of net loss (30% ownership)	(93,730)

The acquisition of Copper North did not meet the definition of a business under IFRS 3 *Business Combinations* and has been accounted for as an asset acquisition in these consolidated financial statements. On the acquisition date, November 27, 2020, the Company has allocated the purchase price of the acquisition to the assets and liabilities acquired as follows:

Purchase Price	**$**
Discontinuance of equity method	1,579,449
Common shares issued	3,734,088
Options issued (1)	259,203
Warrants issued (2)	116,056
Transaction costs	201,688
	5,890,484
Net assets acquired	
Current assets	40,191
Reclamation bonds	90,300
Exploration and evaluation assets	7,970,728
Current liabilities	(1,640,393)
Non-current liabilities	(570,342)
Total	5,890,484

(1) The Company issued 2,344,000 options on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - $0.22; risk-free rate – 0.38%; expected life – 1.44 years; expected volatility – 117%; and expected dividends – nil

(2) The Company issued 2,798,996 warrants on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - $0.32; risk-free rate – 0.26%; expected life – 1.48 years; expected volatility – 73%; and expected dividends – nil

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

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

	Carmacks North	Carmacks	Total
	$	$	$
Balance, May 31, 2020	**237,557**	**-**	**237,557**
Acquisition of Copper North	-	7,970,728	7,970,728
Licensing & maintenance	11,521	-	11,521
Balance, May 31, 2021	**249,078**	**7,970,728**	**8,219,806**
Advance royalty payments	30,000	100,000	130,000
Licensing & maintenance	-	11,450	11,450
Balance, May 31, 2022	**279,078**	**8,082,178**	**8,361,256**

Carmacks North (previously named Stu Project)

In January 2019, the Company acquired an undivided 100% interest in the Carmacks North (formerly Stu Project) in Yukon Territory, Canada from arms-length vendors (the "Vendors"). In consideration, the Company issued an aggregate of 3,000,000 units (each, a "Transaction Unit") valued at $225,000 and granted a 3% net smelter return royalty to the Vendors on any future production on the Stu Property (the "Royalty"). The Company has the option to purchase up to two-thirds of the Royalty from the Vendors. The agreement also provides that the Company will make annual advance Royalty payments of $30,000 to the Vendors beginning in May 2022, and in each subsequent year thereafter, until the commencement of any commercial production on Carmacks North. At May 31, 2022, $60,000 has been paid in advance royalty payments relating to the May 31, 2022 and 2023 payments. (Note 5).

Each Transaction Unit was comprised of one common share and one common share purchase warrant, with each warrant exercisable into one additional common share at an exercise price of $0.15 per share, with an expiry date of January 16, 2022. During the year ended May 31, 2022 a total of 2,500,000 warrants were exercised and 500,000 expired unexercised.

Carmacks Project

The Company acquired 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada, through its acquisition of Copper North (Note 5).

At May 31, 2022, $1.9 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of $100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US$1.10 per pound or greater. (Paid on January 17, 2022) Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at the Company's election. If the Company elects to pay the net smelter return royalty, it has the right to purchase the royalty for $2.5 million, less any advance royalty payments made to that date.

The Company holds a Guaranteed Investment Certificate in the amount of $80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property.

Other

The Company acquired a deposit of $10,000 held by the Government of British Columbia to cover reclamation costs for the work performed on a previously held property when it acquired Copper North (Note 5).

(Expressed in Canadian Dollars)

The Company incurred exploration expenses for the year ended May 31, 2022 as follows:

	Carmacks North	Carmacks	Total
	$	$	$
Analysis	4,230	237,406	241,636
Camp	142,820	255,854	398,674
Consulting	537,866	738,849	1,276,715
Drilling	47,559	1,429,024	1,476,583
Equipment and communication	15,552	69,094	84,646
Helicopter and fuel	44,646	22,028	66,674
Permitting	-	413	413
Transport	3,097	74,305	77,402
	795,770	2,826,973	3,622,743

The Company incurred exploration expenses for the year ended May 31, 2021 as follows:

	Carmacks North	Carmacks	Total
	$	$	$
Analysis	67,398	8,845	76,243
Camp	103,267	124,837	228,104
Consulting	293,798	210,060	503,858
Drilling	417,389	889,127	1,306,516
Equipment and communication	62,566	24,740	87,306
Helicopter and fuel	28,928	39,416	68,344
Permitting	-	2,504	2,504
Transport	11,178	1,874	13,052
Royalty advance	-	100,000	100,000
	984,524	1,401,403	2,385,927
Less: Government Grants	(39,177)	(31,436)	(70,613)
	945,347	1,369,967	2,315,314

7. LOAN

The Company acquired loans through the acquisition of Copper North (Note 5).

On September 12, 2019 Copper North entered into a grid promissory note which would permit the Company to borrow up to a maximum of $395,000 and bear interest at the rate of 10% per annum compounding annually. The Lender provided an initial advance of $220,000 to the Company under the Loan. Since the initial advance the Company repaid $47,806, accrued total interest of $39,515 and during the year ended May 31, 2022, the balance of $211,709 was repaid in full.

Copper North entered into a promissory note for $100,000 on February 5, 2020. The promissory note bears interest at the rate of 5% per annum and is due on demand. The balance as at May 31, 2022 is $111,589 including $11,589 of accrued interest and included in due to related parties (Note 11).

(Expressed in Canadian Dollars)

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, May 31, 2020	6,608
Flow-through share premium on the issuance of flow-through common shares	537,556
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(298,039)
Balance, May 31, 2021	246,125
Flow-through share premium on the issuance of flow-through common shares (Note 10)	208,333
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(309,124)
Balance, May 31, 2022	**145,334**

9. SEVERANCE LIABILITY

The Company acquired a long-term severance liability through the acquisition of Copper North (Note 5).

On June 16, 2020 Copper North reached a Settlement Agreement with the departing CEO which resolves all his outstanding claims for unpaid wages, severance, and unpaid expenses. The settlement amount of $880,957 will be due and payable in five years with provisions for earlier payment or shares-for-debt settlement under certain conditions and subject to approvals as may be required.

As the severance liability is non-current, it was discounted to its present value of $547,005 on inception of the liability, using a 10% interest rate. At November 27, 2020, accretion of $23,337 was recorded, which was accounted for in the purchase price allocation (Note 5). Further accretion expense of $28,228 was recorded during the year ended May 31, 2021. During the year ended May 31, 2022 accretion expense of $59,859 was recorded for a balance as at May 31, 2022 of $658,429.

10. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Year Ended May 31, 2022

- On December 17, 2021, the Company closed a non-brokered private placement of 8,333,337 Flow-Through ("FT") common shares of the Company at a price of $0.18 per common share for gross proceeds of $1,500,001. In connection with the private placement, the Company paid cash finders fees of $91,000 and issued 505,554 finders' warrants, valued at $20,039 using the Black-Scholes pricing model. Each common share purchase warrant will entitle the holder to purchase one common share of the Company at a price of $0.27 per common share for a period of 24 months following the closing date. A total of $208,333 was allocated to flow-through share premium liability using the residual value method. The Company also incurred cash share issuance costs of $10,340.

- On February 9, 2022, the Company issued 344,648 common shares to settle debt of $33,625. The shares were valued at $49,974, which resulted in loss on settlement of debt of $16,349.

- The Company issued 400,000 common shares pursuant to the exercise of 400,000 options with a weighted average exercise price of $0.1375 per share for total gross proceeds of $55,000. The weighted average share price on the date of exercise was $0.155. An additional total of 100,000 options exercised were using Share Appreciation Rights (“SAR”) and 42,017 common shares were issued.

- During the year ended May 31, 2022, the Company issued 4,786,006 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of $0.16 per share. The weighted average share price on the date of exercise was $0.16.

Year Ended May 31, 2021

- On March 16, 2021, the Company closed a private placement for aggregate gross proceeds of $5,215,300 by issuing a total of 5,000,000 flow-through (“FT”) units, 10,075,000 non-FT units and 8,183,181 FT shares.

  The 5,000,000 FT units were issued at $0.28 per unit for gross proceeds of $1,400,000. 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-FT share of the Company at an exercise price of $0.30 for a period of 24 months following the closing date. The Company allocated $187,446 of the gross proceeds to warrant reserve using the Black-Scholes option pricing model. A total of $187,554 was allocated to flow-through share premium liability using the residual value method.

  The 10,075,000 non-FT units were issued at $0.20 per unit for gross proceeds of $2,015,000. 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-FT share of the Company at an exercise price of $0.30 per share for a period of 24 months following the closing date.

  The 8,183,181 FT shares were issued at $0.22 per share for total gross proceeds of $1,800,300. The Company allocated $122,748 of the gross proceeds to flow-through share premium liability.

  In connection with the three private placements, the Company issued 150,000 shares as finders commission, 1,124,581 finders’ warrants and 175,000 compensation options. The shares issued were valued at $30,750 based on the share price on date of issuance. Each finders’ warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of $0.30 per share for a period of 24 months following the closing date. The brokers’ warrants were valued at $84,319 using the Black-Scholes pricing model. Each compensation option entitles the holder to acquire one Unit at a price of $0.20 per unit, each unit consisting of one Share and one half of one Warrant. The compensation options were valued at $20,254 using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of $353,660.

- On October 29, 2020 the Company closed three private placements (in multiple tranches) by issuing a total of 6,278,587 flow-through (“FT”) units, 2,289,382 non-FT units and 2,050,833 FT shares for aggregate gross proceeds of $1,988,220.

  The 6,278,587 FT units were issued at $0.205 per unit for gross proceeds of $1,287,110. 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 $0.25 for a period of 24 months following the closing date. The Company allocated $160,085 of the gross proceeds to warrant reserve using the Black-Scholes option pricing model. A total of $185,237 was allocated to flow-through share premium liability using the residual value method.

The 2,289,382 non-FT units were issued at $0.145 per unit for gross proceeds of $331,960. 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 $0.25 for a period of 24 months following the closing date. The Company allocated $4,460 to warrant reserve using the residual value method.

The 2,050,833 FT shares were issued at $0.18 per share for total gross proceeds of $369,150. The Company allocated $42,017 of the gross proceeds to flow-through share premium liability.

In connection with the three private placements, the Company issued 410,066 finders' units. 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 $0.25 for a period of 24 months following the closing date. The shares were issued at a value of $57,409 and a value of $9,387 was attributed to the 205,033 finders warrants using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of $28,000.

- On June 18, 2020, the Company closed a private placement which consisted of a total of 14,200,000 units at a price of $0.05 per unit for gross proceeds of $710,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.075 per share for a period of 36 months following the closing date. The Company had received subscriptions of $149,264, net of issue costs at May 31, 2020.

  In connection with the private placement, the Company issued 554,400 brokers warrants, valued at $21,104 using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of $33,679.

- During the year ended May 31, 2021, the Company issued 531,000 common shares pursuant to the exercise of options with a weighted average exercise price of $0.14 per share. The weighted average share price on the date of exercise was $0.21.

- During the year ended May 31, 2021, the Company issued 1,059,800 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of $0.08 per share. The weighted average share price on the date of exercise was $0.21.

- On May 28, 2021, the Company issued 70,000 common shares pursuant to the exercise of RSUs.

c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan whereby the Board can grant, subject to regulatory terms and approval, various awards including stock options, to its officers, directors, employees and service providers. The Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 20,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

(Expressed in Canadian Dollars)

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

	Number of options	Weighted average exercise price
		$
Balance, May 31, 2020	**3,650,000**	**0.15**
Granted	6,135,000	0.16
Exercised	(531,000)	0.14
Cancelled	(50,000)	0.15
Expired	(300,000)	0.13
Acquired on acquisition (Note 5)	2,344,000	0.14
Balance, May 31, 2021	**11,248,000**	**0.15**
Granted	3,685,000	0.20
Exercised	(500,000)	0.13
Expired	(339,000)	0.24
Balance, May 31, 2022	**14,094,000**	**0.16**
Exercisable, May 31, 2022	**9,622,333**	**0.15**

The following stock options were outstanding as at May 31, 2022:

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
		$		
80,000	80,000	0.21	September 27, 2022	0.33
2,649,000	2,649,000	0.15	February 1, 2024	1.67
600,000	600,000	0.15	May 15, 2024	1.96
2,900,000	2,900,000	0.10	June 19, 2025	3.05
1,420,000	1,420,000	0.14	August 21, 2025	3.23
2,585,000	1,723,333	0.22	March 17, 2026	3.80
225,000	150,000	0.22	May 15, 2026	3.96
300,000	100,000	0.16	October 6, 2026	4.35
3,335,000	-	0.20	February 14, 2027	4.71
14,094,000	**9,622,333**	**0.16**		**3.32**

(Expressed in Canadian Dollars)

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, May 31, 2020	**29,941,175**	0.19
Issued	20,805,498	0.21
Exercised	(1,059,800)	0.08
Expired	(355,360)	1.25
Acquired on acquisition (Note 5)	2,798,996	0.34
Balance, May 31, 2021	**52,130,509**	**0.20**
Issued	505,554	0.27
Exercised	(4,786,006)	0.16
Expired	(2,143,636)	0.23
Balance, May 31, 2022	**45,706,421**	**0.21**

The following share purchase warrants were outstanding as at May 31, 2022:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
	$		
2,941,175	0.20	August 21, 2022	0.22
3,139,293	0.25	October 6, 2022	0.35
698,691	0.25	October 13, 2022	0.37
651,033	0.25	October 29, 2022	0.41
22,046,634	0.20	January 16, 2023	0.63
8,662,081	0.30	March 16, 2023	0.79
3,347,160	0.075	June 5, 2023	1.01
2,914,800	0.075	June 18, 2023	1.05
800,000	0.125	August 7, 2023	1.19
505,554	0.27	December 17, 2023	1.55
45,706,421	**0.21**		**0.68**

The Company received TSX Venture approval to extend the expiry date on certain warrants that were due to expire January 16, 2022. The warrants will now have an expiry date of January 16, 2023. All other terms of the warrants stay the same. Each warrant entitles the holder to acquire one common share at an exercise price of $0.20.

e) Compensation options

A total of 175,000 compensation options were issued pursuant to a private placement completed in March 2021 described in Note 10(b). Each compensation option entitles the holder to acquire one Unit at a price of $0.20 until March 16, 2023. Each Unit consists of one common share and one-half of one warrant. The warrant entitles the holder to purchase an additional common share at a price of $0.30 until March 16, 2023.

(Expressed in Canadian Dollars)

f) Share-based payment expense and reserve

During the year ended May 31, 2022, the Company granted 3,685,000 incentive stock options to Directors, Officers and consultants of the Company. The fair value of the stock options granted during the year ended May 31, 2022 was calculated using the Black Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.70%
Expected life in years	5.0
Expected volatility	72%
Expected dividends	Nil

During the year ended May 31, 2021, the Company granted 6,135,000 incentive stock options to Directors, Officers and consultants of the Company. The fair value of the stock options granted during the year ended May 31, 2021 was calculated using the Black Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.53%
Expected life in years	5.0
Expected volatility	95%
Expected dividends	Nil

During the year ended May 31, 2022, total share-based payment expense was $415,916 (2021 - $284,596) in respect of the vesting of previously granted stock options and newly granted options and was recorded in profit or loss. The weighted average fair value on grant date of the options granted during the year ended May 31, 2022 was $229,541 (2021 - $277,351), or $0.07 (2021 - $0.10) per option.

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

The fair value of the 505,554 finders' warrants, valued at $20,039, that were issued during the year ended May 31, 2022 pursuant to the December 2021 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.95%
Expected life in years	2.0
Expected volatility	75%
Expected dividends	Nil

The fair value of the 2,500,000 flow-through warrants within the flow-through units, valued at $187,446 that were issued during the year ended May 31, 2021 pursuant to the March 2021 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.23%
Expected life in years	2.0
Expected volatility	88%
Expected dividends	Nil

The fair value of the 1,124,581 finders' warrants, valued at $84,319 that were issued during the year ended May 31, 2021 pursuant to the March 2021 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in Canadian Dollars)

Risk free interest rate	0.23%
Expected life in years	2.0
Expected volatility	88%
Expected dividends	Nil

The fair value of the 3,139,293 flow-through warrants within the flow-through units, valued at $160,085 that were issued during the year ended May 31, 2021 pursuant to the October 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.21%
Expected life in years	2.0
Expected volatility	89%
Expected dividends	Nil

The fair value of the 175,000 compensation options, valued at $20,254 that were issued during the year ended May 31, 2021 as a finders' fee pursuant to the March 2021 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.23%
Expected life in years	2.0
Expected volatility	88%
Expected dividends	Nil

The fair value of the 205,033 warrants within the finders' units, valued at $9,387 that were issued during the year ended May 31, 2021 as a finders' fee pursuant to the October 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.21%
Expected life in years	2.0
Expected volatility	90%
Expected dividends	Nil

The fair value of the 554,400 broker warrants, valued at $21,104 that were issued during the year ended May 31, 2021 pursuant to the June 2020 private placement described in Note 10(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	0.32%
Expected life in years	3.0
Expected volatility	89%
Expected dividends	Nil

During the year ended May 31, 2022, the Company reclassified $12,182 (2021 - $29,930) from share-based payment reserve to deficit with respect to options that expired during the year and $52,358 (2021 - $nil) with respect to warrants that expired during the year.

11. RELATED PARTY TRANSACTIONS AND BALANCES

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.

(Expressed in Canadian Dollars)

In addition to key management personnel, the Company transacted with the following related parties during the year ended May 31, 2022 and 2021:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs and other admin costs. Timothy Johnson, President and CEO of the Company, and Michael Rowley director of the Company, are minority shareholders of TruePoint;
- 1111040 BC Ltd., a private company controlled by the President and CEO of the Company; and
- MVR Consulting Inc., a private company controlled by Michael Rowley, Director.

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

The Company's related party transactions for the years ended May 31, 2022 and 2021 were as follows:

	2022	2021
	$	$
Consulting and management fees (1)	209,958	184,258
Share-based payments (2)	99,095	73,897
Exploration and administrative support costs (3)	3,623,032	2,530,475
	3,932,085	**2,788,630**

1 Consulting fees for the years ended May 31, 2022 and 2021 consisted of fees earned by key management personnel including the CEO and CFO.
2 Share-based payments expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.
3 Transactions with TruePoint for the year ended May 31, 2022 consisted of exploration expenditures ($3,267,971), consulting ($37,500), investor relations and corporate development fees ($317,560) and other/office fees ($nil).

b) Related Party Balances

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

	2022	2021
Current liabilities – Due to related parties	$	$
TruePoint, net (1)	504,546	946,817
TruePoint, Promissory note	111,589	106,590
Tim Johnson	25,436	355
1111040 BC Ltd	15,750	10,500
MVR Consulting Inc.	-	495
Loy Chunpongtong (Director) (2)	17,333	17,333
	674,654	**1,082,090**

1 This amount was the net of cash advances made to TruePoint, partially offset by charges from TruePoint
2 This amount is related to director fees payable by Copper North for time Mr. Chunpongtong served as a Copper North director prior to its acquisition by the Company (Note 5).

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

(Expressed in Canadian Dollars)

c) Insider Participation in Private Placements

A summary of insider participation in the Company's private placements for the years ended May 31, 2022 and 2021 was as follows:

	Number of Units	Price	Proceeds
		$	$
December 2021 Private Placement			
Timothy Johnson	222,225	0.18	40,001
Michael Rowley	55,556	0.18	10,000

	Number of Units	Price	Proceeds
		$	$
March 2021 Private Placement			
Alicia Milne	12,500	0.20	2,500
Michael Rowley	45,000	0.22	9,900

	Number of Units	Price	Proceeds
		$	$
October 2020 Private Placement			
Alicia Milne	50,000	0.18	9,000
Timothy Johnson	120,000	0.18	21,600
Rebecca Moriarty	14,900	0.145	2,161
Michael Rowley	42,000	0.18	7,560

12. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the years ended May 31, 2022 and 2021 consisted of the following:

	2022	2021
	$	$
Receivables	178,832	(120,679)
Due to / from related parties	(412,436)	972,721
Prepaid expenses and deposits	(33,828)	(198,055)
Accounts payable and accrued liabilities	(70,035)	(987,033)
	(337,467)	(333,046)

During the year ended May 31, 2022, the non-cash transactions consisted of the following:

(i) issuing 505,554 finders' warrants valued at $20,039 pursuant to the December 2021 private placement (Note 10(b));

(ii) issuing 344,648 shares valued at $49,974 to settle debt of $33,625, resulting in a loss on settlement of debt of $16,349 (Note 10(b));

(iii) settling accounts payable of $190,533 and a deposit of $18,000 for $75,000, resulting in a gain on settlement of debt of $97,533; and

(iv) issuing 42,017 common shares pursuant to the exercise of 100,000 options using SARs.

During the year ended May 31, 2021, the non-cash transactions consisted of the following:

(i) issuing 24,893,918 shares for the acquisition of Copper North Mining as well as 2,344,000 options and 2,798,996 warrants (Note 5);

(ii) issuing 1,124,581 finders' warrants valued at $84,319 pursuant to the March 2021 private placement (Note 10(b));

(iii) issuing 150,000 shares as finders' commission valued at $30,750 pursuant to the March 2021 private placement (Note 10(b));

(iv) issuing 175,000 compensation options valued at $20,254 pursuant to the March 2021 private placement (Note 10(b));

(v) issuing 410,066 finders' shares valued at $57,409 and 205,033 finders' warrants valued at $9,387 pursuant to the October 2020 private placement (Note 10(b));

(vi) issuing 554,400 brokers' warrants valued at $21,104 pursuant to the June 2020 private placement (Note 10(b)); and

(vii) issuing 70,000 shares for the exercise of RSUs.

13. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

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

As at May 31, 2022 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.

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 May 31, 2022, all of the Company's financial liabilities had contractual maturities of less than 90 days, except for the severance liability which is due and payable in June 2025. 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 the 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.

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 May 31, 2022.

(Expressed in Canadian Dollars)

15. INCOME TAXES

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

	May 31, 2022	May 31, 2021
	$	$
Net loss for the year	(4,627,445)	(2,140,944)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery at statutory rate	(1,249,410)	(578,055)
Increase (decrease) due to:		
Non-deductible expenditures and other permanent differences	(19,112)	(3,993)
Tax pools from acquisition of asset	(2,268,569)	(2,470,748)
Flow-through share spending to be renounced	807,838	687,893
Difference in tax rates	-	(24,012)
Unrecognized deferred tax assets	2,756,615	2,553,024
Tax benefit of share issue costs	(27,362)	(164,109)
Income tax recovery as booked	-	-

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following amounts:

	May 31, 2022	May 31, 2021
	$	$
Exploration and evaluation assets	(167,465)	(324,450)
Other	284,868	303,724
Non-capital losses	4,067,599	3,717,679
Unrecognized temporary differences and non-capital losses	4,185,002	3,696,953

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 May 31, 2022, the Company's unrecognized Canadian non-capital losses expire as follows:

	$
2030	133,000
2031	20,000
2032	2,220,000
2033	901,000
2034-2042	11,791,000
	15,065,000

16. COMMITMENTS

As a result of the issuance of Flow-Through units and shares in March 2021, the Company had a commitment to incur $3,200,300 on qualifying Canadian exploration expenditures. At May 31, 2022, the Company had incurred the full $3,200,300 of those qualifying expenditures.

As a result of the issuance of Flow-Through shares in December 2021, the Company had a commitment to incur $1,500,001 on qualifying Canadian exploration expenditures. At May 31, 2022, the Company had incurred $453,591 of those qualifying expenditures. The remaining qualifying expenditures are due to be incurred prior to December 31, 2022.

17. SUBSEQUENT EVENT

The Company acquired the Star Cu-Ni-Platinum Group Metal project, located in the Omineca mineral belt of northern British Columbia. The Company secured a 100% interest in the Star project, with no underlying royalty or further obligation, for a total consideration of $10,000 in cash and the issuance of 500,000 common shares of the Company. The transaction received TSX Venture approval and was completed.