GRANITE CREEK COPPER

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2023 AND 2022

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
GRANITE CREEK COPPER LTD.

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, 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 May 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 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. 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 5, the carrying value of the Company's exploration and evaluation assets and related deferred costs is $8,579,435 as at May 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 judgement in order to assess whether indicators of impairment exist. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Group'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 May 31, 2023.

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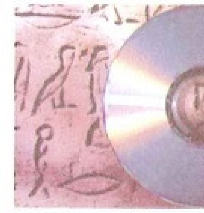
We considered this a key audit matter due to (i) the significance of the mineral properties and related deferred costs in the consolidated financial statements, (ii) the level of subjectivity required in applying audit procedures to assess the factors considered by management in its assessment of impairment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

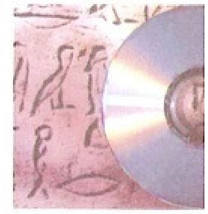
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.
September 28, 2023

GRANITE CREEK COPPER LTD.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	May 31, 2023	May 31, 2022
		$	**$**
ASSETS			
Current			
Cash		**886,989**	949,655
Receivables		**60,972**	21,759
Prepaid expenses and deposits	4	**33,392**	267,134
		981,353	1,238,548
Non-current			
Reclamation bonds	5	**80,300**	90,300
Exploration and evaluation assets	5	**8,579,435**	8,361,256
		9,641,088	9,690,104
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**341,588**	375,630
Due to related parties	11(b)	**853,271**	674,654
Flow-through share premium liability	7	**46,381**	145,334
		1,241,240	1,195,618
Non-current			
Severance liability	9	**724,272**	658,429
Due to related parties	8, 11(b)	**377,119**	-
		2,342,631	1,854,047
SHAREHOLDERS' EQUITY			
Share capital	10	**18,991,090**	17,940,545
Subscriptions received in advance	10(b)	**279,975**	-
Share-based payment reserve	10(f)	**1,465,836**	1,771,498
Foreign currency translation reserve		**(3,586)**	(3,586)
Deficit		**(13,434,858)**	(11,872,400)
		7,298,457	7,836,057
		9,641,088	9,690,104

Nature of Operations and Going Concern – Note 1
Commitments – Note 16
Subsequent events – Notes 10 and 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, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		$	**$**
EXPENSES			
Consulting and management fees	11(a)	**276,334**	308,045
Corporate advisory fees		**121,080**	143,876
Exploration expenditures	6,11(a)	**1,388,062**	3,622,743
Investor relations		**120,270**	275,716
Office and administration		**50,124**	38,923
Professional fees		**87,099**	89,268
Property evaluation		**20,925**	1,885
Share-based payment expense	10(f),11(a)	**240,434**	415,916
Transfer agent, regulatory and filing fees		**48,991**	29,833
Travel and accommodation		**16,115**	10,001
		(2,369,434)	(4,936,206)
Other Items			
Flow-through share premium liability recovery	7	**229,756**	309,124
Interest expense		**(10,284)**	(21,688)
Severance liability accretion expense	9	**(65,843)**	(59,859)
Gain on settlement of debt		**70,511**	81,184
NET LOSS AND COMPREHENSIVE LOSS		**(2,145,294)**	(4,627,445)
Basic and diluted loss per share		**(0.02)**	(0.04)
Weighted average number of shares outstanding		**138,982,294**	127,540,984

See accompanying notes to the consolidated financial statements

GRANITE CREEK COPPER LTD.

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

	Note	Common Shares	Share Capital	Subscriptions Received in Advance	Share-based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Total
		number	$	$	$	$	$	$
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	7,10(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**
Private placements, net of issue costs	10(b)	15,353,939	1,033,968	-	51,620	-	-	1,085,588
Flow-through share premium liability	7,10(b)	-	(130,803)	-	-	-	-	(130,803)
Funds received in advance	10(b)	-	-	279,975		-	-	279,975
Shares issued on exercise of options	10(b)	500,000	54,880	-	(14,880)	-	-	40,000
Shares issued on exercise of warrants	10(b)	300,000	22,500	-	-	-	-	22,500
Shares issued per property agreements	5	1,000,000	70,000	-	-	-	-	70,000
Share-based payment expense	10(f)	-	-	-	240,434	-	-	240,434
Reclass of expired options	10(f)	-	-	-	(60,014)	-	60,014	-
Reclass of expired warrants	10(f)	-	-	-	(522,822)	-	522,822	-
Net loss and comprehensive loss		-	-	-	-	-	(2,145,294)	(2,145,294)
Balance, May 31, 2023		**152,564,747**	**18,991,090**	**279,975**	**1,465,836**	**(3,586)**	**(13,434,858)**	**7,298,457**

GRANITE CREEK COPPER LTD.
Consolidated Statements of Cash Flows
For the Years Ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		$	**$**
OPERATING ACTIVITIES			
Net loss for the year		**(2,145,294)**	(4,627,445)
Items not involving cash:			
Other income	7	**(229,756)**	(309,124)
Interest expense		**10,284**	9,906
Share-based payment expense	10(f)	**240,434**	415,916
Severance liability accretion expense	9	**65,843**	59,859
Gain on settlement of debt		**(70,511)**	(81,184)
		(2,129,000)	(4,532,072)
Net change in non-cash working capital items	12	**786,450**	(337,467)
Cash used in operating activities		**(1,342,550)**	(4,869,539)
INVESTING ACTIVITIES			
Acquisition of exploration and evaluation assets	5	**(148,179)**	(141,450)
Cash used in investing activities		**(148,179)**	(141,450)
FINANCING ACTIVITIES			
Proceeds received from private placements	10(b)	**1,123,210**	1,500,001
Share issue costs	10(b)	**(37,622)**	(101,340)
Proceeds received in advance	10(b)	**279,975**	-
Repayment of loan		**-**	(211,709)
Proceeds from exercise of warrants	10(b)	**22,500**	781,246
Proceeds from exercise of options	10(b)	**40,000**	55,000
Cash provided by financing activities		**1,428,063**	2,023,198
CHANGE IN CASH		**(62,666)**	(2,987,791)
Cash, beginning of year		**949,655**	3,937,446
CASH, END OF YEAR		**886,989**	949,655

Supplemental cash flow information (Note 12)

(Expressed in Canadian Dollars)

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 $2,145,294 (2022 - $4,627,445) during the year ended May 31, 2023, and as of that date, had an accumulated deficit of $13,434,858 (2022 - $11,872,400) and working capital deficiency of $259,887 (2022 working capital of $42,930). As at May 31, 2023, the Company had a total of $981,353 (2022 - $1,238,548) in current assets and $1,101,391 (2022 - $658,429) 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 28, 2023.

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

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 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 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) 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

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

	2023	2022
	$	$
Prepaid expenses	33,392	259,134
Deposits	-	8,000
	33,392	**267,134**

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

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

	Carmacks North	Carmacks	Star	LS Moly	Total
	$	$	$	$	$
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**
Acquisition costs – cash	-	-	10,000	-	10,000
Acquisition costs – shares	-	-	40,000	30,000	70,000
Advance royalty payments	30,000	100,000	-	-	130,000
Licensing & maintenance	-	-	8,179	-	8,179
Balance, May 31, 2023	**309,078**	**8,182,178**	**58,179**	**30,000**	**8,579,435**

Carmacks North (previously named Stu Project)

In January 2019, the Company acquired an undivided 100% interest in 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.

Carmacks Project

The Company acquired 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada, on November 27, 2020.

At May 31, 2023, $2.0 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. (Last paid on February 27, 2023). 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.

Carmacks Mining Corp. 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.

Star Property

During the year ended May 31, 2023, 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 (valued at $40,000).

LS (formerly Lucky Ship) Molybdenum Property

The Company entered into an agreement to acquire a 100% interest in the LS (formerly Lucky Ship) molybdenum property. Under the terms of the agreement the Company has the option to acquire the 100% interest by issuing 3,750,000 common shares over a three-year period and completing exploration work equivalent to two years' worth of assessment credit during the first two years of the agreement and four years' worth of assessment credit in the third year of the agreement. The Company issued 500,000 common shares of the Company (valued at $30,000) under the agreement during the year ended May 31, 2023.

(Expressed in Canadian Dollars)

6. EXPLORATION EXPENDITURES

The Company incurred exploration expenses for the year ended May 31, 2023 as follows:

	Carmacks North	Carmacks	Star	Total
	$	$	$	$
Analysis	521	52,422	3,363	56,306
Camp	197,157	135,508	5,480	338,145
Consulting	44,128	796,970	12,693	853,791
Drilling	-	3,864	-	3,864
Equipment and communication	3,216	38,234	1,502	42,952
Helicopter and fuel	17,867	38,654	568	57,089
Permitting	-	1,033	-	1,033
Transport	-	29,424	5,458	34,882
	262,889	**1,096,109**	**29,064**	**1,388,062**

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**

7. 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, 2021	246,125
Flow-through share premium on the issuance of flow-through common shares	208,333
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(309,124)
Balance, May 31, 2022	**145,334**
Flow-through share premium on the issuance of flow-through common shares	130,803
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(229,756)
Balance, May 31, 2023	**46,381**

8. LOANS

The Company acquired loans through the acquisition of Copper North. 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. The loan's due date was re-negotiated during the year ended May 31, 2023 and is now due on February 28, 2028. The balance as at May 31, 2023 is $116,589 including accrued interest and included in due to related parties (Note 11).

During the year ended May 31, 2023, Copper North entered into a promissory note for $257,287 to repay accounts payable. The promissory note bears interest of 5% per annum and is due on February 28, 2028. The balance as at May 31, 2023 is $260,530 including $3,243 accrued interest and included in due to related parties. (Note 11)

9. SEVERANCE LIABILITY

On June 16, 2020 the Company's subsidiary, Copper North Mining Corp, reached a Settlement Agreement with the departing CEO which resolves all outstanding claims for unpaid wages, severance, and unpaid expenses. The settlement amount of $880,957 is due and payable in five years in June 2025 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 on inception of the liability, using a 10% interest rate. During the year ended May 31, 2023 accretion expense of $65,843 was recorded for a balance as at May 31, 2023 was $724,272.

10. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Subsequent to May 31, 2023

- Subsequent to May 31, 2023, the Company closed the second tranche of a private placement for aggregate gross proceeds of $548,425 by issuing a total of 3,749,667 flow-through ("FT") units at a price of $0.075 per unit and 4,453,333 non-FT units at a price of $0.06 per unit. The Company had received subscriptions of $279,975 at May 31, 2023. (Note 17)

Year Ended May 31, 2023

- On May 18, 2023, the Company closed the first tranche of a private placement for aggregate gross proceeds of $716,750 by issuing a total of 4,436,667 flow-through ("FT") units at a price of $0.075 per unit and 6,400,000 non-FT units at a price of $0.06 per unit.

  The 4,436,667 FT units were issued at $0.075 per unit for total gross proceeds of $332,750. Each unit consists of one FT share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one FT share of the Company at an exercise price of $0.15 per share for a period of 24 months following the closing date. The Company allocated $46,381 to flow-through share premium liability and allocated $20,169 to warrant reserve using the residual value method.

  The 6,400,000 non-FT units were issued at $0.06 per unit for gross proceeds of $384,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of $0.12 per share for a period of 36 months following the closing date.

  In connection with the private placement the Company also incurred cash share issuance costs of $19,965.

- On December 15, 2022, the Company closed the second tranche of a private placement for aggregate gross proceeds of $134,700 by issuing a total of 472,727 FT shares at a price of $0.11 per share and 1,102,667 non-FT units at a price of $0.075 per unit.

  The 472,727 FT shares were issued at $0.11 per share for total gross proceeds of $52,000. The Company allocated $26,000 to flow-through share premium liability using the residual value method.

  The 1,102,667 non-FT units were issued at $0.075 per unit for gross proceeds of $82,700. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of $0.10 per share for a period of 24 months following the closing date. The Company allocated $22,053 to warrant reserve using the residual value method.

  In connection with the private placement the Company also incurred cash share issuance costs of $3,880.

- On October 6, 2022, the Company closed the first tranche of a private placement for aggregate gross proceeds of $271,760 by issuing a total of 1,460,546 FT shares and 1,481,332 non-FT units.

  The 1,460,546 FT shares were issued at $0.11 per share for total gross proceeds of $160,660. The Company allocated $58,422 to flow-through share premium liability using the residual value method.

  The 1,481,332 non-FT units were issued at $0.075 per unit for gross proceeds of $111,010. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of $0.10 per share for a period of 24 months following the closing date. The Company allocated $7,407 to warrant reserve using the residual value method.

  In connection with the private placement the Company issued 115,678 brokers' warrants. Each brokers' warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of $0.10 per share for a period of 24 months following the closing date. The brokers' warrants were valued at $1,991 using the Black-Scholes option pricing model. The Company also incurred cash share issuance costs of $13,777.

- During the year ended May 31, 2023, the Company issued 500,000 common shares pursuant to the exercise of 500,000 options with a weighted average exercise price of $0.08 per share for total gross proceeds of $40,000. The weighted average share price on the date of exercise was $0.07.

- During the year ended May 31, 2023, the Company issued 300,000 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of $0.075 per share for total gross proceeds of $22,500. The weighted average share price on the date of exercise was $0.07.

- During the year ended May 31, 2023, the Company issued 500,000 common shares pursuant to the mineral property agreement related to the Star Property. Also, the Company issued 500,000 common shares pursuant to the mineral property agreement related to the LS Molybdenum Property. (Note 5)

Year Ended May 31, 2022

- On December 17, 2021, the Company closed a non-brokered private placement of 8,333,337 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 option 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.

(Expressed in Canadian Dollars)

- 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.

c) Stock options

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

	Number of options	Weighted average exercise price
		$
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**
Granted	4,300,000	0.08
Exercised	(500,000)	0.08
Expired/Cancelled	(405,000)	0.21
Balance, May 31, 2023	**17,489,000**	**0.15**
Exercisable, May 31, 2023	**12,822,333**	**0.16**

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

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
		$		
2,649,000	2,649,000	0.15	February 1, 2024	0.67
600,000	600,000	0.15	May 15, 2024	0.96
2,900,000	2,900,000	0.10	June 19, 2025	2.05
1,420,000	1,420,000	0.14	August 21, 2025	2.23
2,435,000	2,435,000	0.22	March 17, 2026	2.80
125,000	125,000	0.22	May 15, 2026	2.96
300,000	300,000	0.16	October 6, 2026	3.35
3,260,000	2,173,333	0.20	February 14, 2027	3.71
360,000	120,000	0.10	August 2, 2027	4.18
3,065,000	100,000	0.08	January 10, 2028	4.62
375,000	-	0.08	May 2, 2028	4.93
17,489,000	**12,822,333**	**0.15**		**2.82**

(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, 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**
Issued	8,118,010	0.12
Exercised	(300,000)	0.08
Expired	(38,138,907)	0.21
Balance, May 31, 2023	**15,385,524**	**0.11**

The following share purchase warrants were outstanding as at May 31, 2023:

Outstanding	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
	$		
3,047,160(1)(3)	0.075	June 5, 2023	0.01
2,914,800(2)(4)	0.075	June 18, 2023	0.05
800,000	0.125	August 7, 2023	0.19
505,554	0.27	December 17, 2023	0.55
115,678	0.10	October 6, 2024	1.35
1,481,332	0.10	October 6, 2024	1.35
1,102,667	0.10	December 15, 2024	1.55
2,218,333	0.15	May 18, 2028	4.97
3,200,000	0.15	May 18, 2028	4.97
15,385,524	**0.11**		**1.19**

(1) Subsequent to May 31, 2023 a total of 2,905,000 of these warrants were extended to a new expiry date of June 5, 2024.
(2) Subsequent to May 31, 2023 a total of 2,710,000 of these warrants were extended to a new expiry date of June 11, 2024.
(3) Subsequent to May 31, 2023 a total of 142,160 of these warrants expired unexercised.
(4) Subsequent to May 31, 2023 a total of 204,800 of these warrants expired unexercised.

e) Compensation options

A total of 175,000 compensation options were issued pursuant to a private placement completed in March 2021. 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. During the year ended May 31, 2023, all the compensation options expired unexercised.

(Expressed in Canadian Dollars)

f) Share-based payment expense and reserve

During the year ended May 31, 2023, the Company granted 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, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	3.39%
Expected life in years	5.0
Expected volatility	56.32%
Expected dividends	Nil

During the year ended May 31, 2023, total share-based payment expense was $240,434 (2022 - $415,916) 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, 2023 was $89,976 (2022 - $229,541), or $0.03 (2022 - $0.07) 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 115,678 brokers' warrants, valued at $1,991, that were issued during the year ended May 31, 2023 pursuant to the October 2022 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	3.87%
Expected life in years	2.0
Expected volatility	61%
Expected dividends	Nil

The fair value of the 2,218,333 flow-through warrants, valued at $20,169, that were issued during the year ended May 31, 2023 pursuant to the May 2023 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	4.22%
Expected life in years	2.0
Expected volatility	69%
Expected dividends	Nil

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

During the year ended May 31, 2023, the Company reclassified $60,014 (2022 - $12,182) from share-based payment reserve to deficit with respect to options that expired during the year.

During the year ended May 31, 2023, the Company reclassified $522,822 (2022 - $52,358) from share-based payment reserve to deficit with respect to warrants that expired during the year.

(Expressed in Canadian Dollars)

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.

In addition to key management personnel, the Company transacted with the following related parties during the years ended May 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 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, a 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, 2023 and 2022 were as follows:

	2023	2022
	$	$
Consulting and management fees (1)	233,340	209,958
Share-based payment expense (2)	44,441	99,095
Exploration and administrative support costs (3)	1,383,452	3,623,032
	1,661,233	**3,932,085**

[1] Consulting fees for the years ended May 31, 2023 and 2022 consisted of fees earned by key management personnel including the CEO and CFO.
[2] Share-based payment 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, 2023 consisted of exploration expenditures ($1,194,191; 2022: $3,267,971), investor relations and corporate development fees ($176,875; 2022: $37,500) and other/office fees ($12,386; 2022: $nil).

(Expressed in Canadian Dollars)

b) Related Party Balances

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

	2023	2022
Current liabilities – Due to related parties	**$**	**$**
TruePoint, net (1)	689,885	504,546
TruePoint, Promissory note	-	111,589
Tim Johnson	62,053	25,436
1111040 BC Ltd	84,000	15,750
Loy Chunpongtong (Director) (2)	17,333	17,333
	853,271	**674,654**

[1] This amount was the net of cash advances made to TruePoint, for future exploration offset by charges from TruePoint
[2] This amount is related to director fees payable by Copper North Mining Corp. for the time Mr. Chunpongtong served as a Copper North Mining Corp. director prior to its acquisition by the Company.

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

	2023	2022
Long-term liabilities – Due to related parties	**$**	**$**
TruePoint	260,530	-
TruePoint, Promissory note	116,589	-
	377,119	**-**

The Company's subsidiary, Copper North Mining Corp, entered into a promissory note for $100,000 on February 5, 2020. The promissory note bears interest at the rate of 5% per annum. The balance as at May 31, 2023 is $116,589 including $16,589 accrued interest and included in long term due to related parties. During the year ended May 31, 2023 Copper North Mining Corp entered into a loan agreement with TruePoint for $257,287 of outstanding accounts payable from before the acquisition that bears interest at 5% per annum.

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2023	2022
	$	**$**
Receivables	**(39,213)**	178,832
Due to / from related parties	**545,451**	(412,436)
Prepaid expenses and deposits	**243,742**	(33,828)
Accounts payable and accrued liabilities	**36,470**	(70,035)
	786,450	(337,467)

During the year ended May 31, 2023, non-cash transactions consisted of the following:

(i) issuing 500,000 common shares pursuant to the purchase of the Star property;

(ii) issuing 500,000 common shares pursuant to the acquisition of the LS Moly property;

(iii) issuing 115,678 brokers' warrants, valued at $1,991 pursuant to the October 2022 private placement described in Note 10(b); and

(iv) writing off accounts payable of $70,511, resulting in a gain on settlement of debt of $70,511.

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

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

(ii) issuing 344,648 shares valued at $49,974 to settle debt of $33,625 noted in 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.

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, 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.

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, 2023, all of the Company's financial liabilities had contractual maturities of less than 90 days, except for the severance liability (Note 9) and certain loans due to related parties (Note 8). 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.

(Expressed in Canadian Dollars)

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, 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 earnings before income taxes. These differences result from the following items:

	2023	2022
	$	$
Net loss for the year	(2,145,294)	(4,627,445)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery at statutory rate	(579,229)	(1,249,410)
Increase (decrease) due to:		
Non-deductible expenditures and other permanent differences	147,088	(19,112)
Tax pools from acquisition of asset	-	(2,268,569)
Flow-through share spending to be renounced	339,949	807,838
Unrecognized deferred tax assets	101,000	2,756,615
Tax benefit of share issue costs	(8,808)	(27,362)
Income tax recovery as booked	-	-

(Expressed in Canadian Dollars)

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:

	2023	2022
	$	$
Exploration and evaluation assets	(145,865)	(167,465)
Other	277,311	284,868
Non-capital losses	4,154,556	4,067,599
Unrecognized temporary differences and non-capital losses	4,286,002	4,185,002

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, 2023, the Company's unrecognized Canadian non-capital losses expire as follows:

	$
2030	133,000
2031	20,000
2032	2,114,000
2033	901,000
2034-2043	12,220,000
	15,388,000

16. COMMITMENTS

As a result of the issuance of FT shares in December 2021, the Company had a commitment to incur $1,500,001 on qualifying Canadian exploration expenditures prior to December 31, 2022. At May 31, 2023, the Company had incurred $1,500,001 of those qualifying expenditures (2022 - $453,591).

As a result of the issuance of FT shares in October 2022 and December 2022, the Company had a commitment to incur $212,660 on qualifying Canadian exploration expenditures prior to December 31, 2023. At May 31, 2023, the Company had incurred $212,660 of those qualifying expenditures.

As a result of the issuance of FT shares in May 2023, the Company had a commitment to incur $332,750 on qualifying Canadian exploration expenditures prior to December 31, 2024. At May 31, 2023, the Company had incurred $nil of those qualifying expenditures.

17. SUBSEQUENT EVENT

Subsequent to May 31, 2023, the Company closed the second tranche of a private placement for aggregate gross proceeds of $548,425 by issuing a total of 3,749,667 FT units at a price of $0.075 per unit and 4,453,333 non-FT units at a price of $0.06 per unit.

The 3,749,667 FT units were issued at $0.075 per unit for total gross proceeds of $281,225. Each unit consists of one FT share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one FT share of the Company at an exercise price of $0.15 per share for a period of 24 months following the closing date.

The 4,453,333 non-FT units were issued at $0.06 per unit for gross proceeds of $267,200. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to acquire one non-FT common share of the Company at an exercise price of $0.12 per share for a period of 36 months following the closing date.