XPLORE RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

(Stated in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xplore Resources Corp.:

Opinion

We have audited the consolidated financial statements of Xplore Resources Corp. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 consolidated financial position of the Company as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit 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 of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for exploration and evaluation assets	
Refer to note 6	Our approach to addressing the matter involved the following procedures, among others:
As at June 30, 2023, the carrying amount of the Company's exploration and evaluation assets was $814,981. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of following indicators: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or, (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. Indicators were identified for the Upper Red Lake and Pringle Lake properties. The carrying amount exceeded the recoverable amount of the asset and for the year ended June 30, 2023, a write-down of $295,972 was recognized. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in determining the impairment indicators, which included the following: • Obtained for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. • Read the board of directors' minutes and resolutions, and observed evidence supporting the termination of the option agreements for two properties and observed evidence supporting the continued and planned exploration expenditures for the remaining three properties, which included evaluating results of the Company's work programs subsequent to year end. • Assessed whether available data indicates the potential for commercially viable mineral resources of which we noted that there is no currently available data indicating the potential or lack of potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 27, 2023

Xplore Resources Corp.

Consolidated Statements of Financial Position

(Stated in Canadian Dollars)

	Notes	June 30, 2023	June 30, 2022
ASSETS			
Current assets			
Cash		$ 53,485	$ 302,710
Other receivables		25,613	82,820
Prepaid expenses		51,800	31,465
Total current assets		130,898	416,995
Non-current assets			
Exploration and evaluation assets	**5**	814,981	986,411
TOTAL ASSETS		$ 945,879	$ 1,403,406
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 60,114	$ 77,562
Equity			
Common shares	**6**	2,386,810	2,369,560
Share-based payments reserve	**7**	10,081	87,600
Deficit		(1,511,126)	(1,131,316)
Total equity		885,765	1,325,844
TOTAL LIABILITIES AND EQUITY		$ 945,879	$ 1,403,406

Nature and continuance of operations	**1**
Going concern uncertainty	**2**
Subsequent events	**13**

Approved on behalf of the Board of Directors:

"Wesley C. Hanson"
Wesley C. Hanson, Director

"Charles Edgeworth"
Charles Edgeworth, Director

Xplore Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

	Notes	Year ended June 30, 2023	Year ended June 30, 2022
Expenses			
Consulting fees		$ 11,000	$ 38,000
Filing & listing fees		8,137	18,711
General & administrative		15,112	14,569
Pre-exploration and evaluation	**5**	45,385	7,477
Professional fees		53,488	79,746
Promotion & marketing		16,530	58,419
Share-based payments		-	2,000
Transfer agent fees		11,705	9,902
Travel		-	3,846
Write-off of exploration and evaluation assets	**5**	295,972	-
Loss from operations		(457,329)	(232,670)
Other items			
Other income	**6**	-	(36,000)
Loss and comprehensive loss for the year		$ (457,329)	$ (196,670)
Weighted average number of common shares outstanding			
Basic and diluted	**6**	15,642,009	15,195,973
Basic and diluted loss per common share	**6**	$ (0.03)	$ (0.01)

Xplore Resources Corp.

Consolidated Statements of Changes in Equity

(Stated in Canadian Dollars)

	Common Shares		Share Subscriptions	Share-based Payments		
	Number	Amount	Received	Reserve	Deficit	Total Equity
Balance at June 30, 2021	13,546,596	$ 1,973,060	$ 185,300	$ 91,300	$ (940,346)	$ 1,309,314
Shares issued for cash	1,440,000	319,000	(185,300)	-	-	133,700
Shares issued for exploration and evaluation assets	346,909	47,500	-	-	-	47,500
Share-based payments	200,000	30,000	-	2,000	-	32,000
Share options expired	-	-	-	(5,700)	5,700	-
Loss and comprehensive loss for the year	-	-	-	-	(196,670)	(196,670)
Balance at June 30, 2022	15,533,505	2,369,560	-	87,600	(1,131,316)	1,325,844
Shares issued for exploration and evaluation assets	148,000	17,250	-	-	-	17,250
Share options expired	-	-	-	(66,919)	66,919	-
Share warrants expired	-	-	-	(10,600)	10,600	-
Loss and comprehensive loss for the year	-	-	-	-	(457,329)	(457,329)
Balance at June 30, 2023	15,681,505	$ 2,386,810	$ -	$ 10,081	$ (1,511,126)	$ 885,765

Xplore Resources Corp.

Consolidated Statements of Cash Flows

(Stated in Canadian Dollars)

	Year ended June 30, 2023	Year ended June 30, 2022
Operating activities		
Loss for the year	$ (457,329)	$ (196,670)
Items not affecting cash:		
Write-off of exploration and evaluation assets	295,972	-
Share-based payments	-	2,000
Changes in non-cash working capital items:		
Other receivables	57,207	(46,958)
Prepaid expenses	(20,335)	47,868
Accounts payable and accrued liabilities	(27,448)	35,334
Net cash used in operating activities	(151,933)	(158,426)
Investing activity		
Exploration and evaluation assets	(97,292)	(395,753)
Net cash used in investing activity	(97,292)	(395,753)
Financing activity		
Proceeds from issuance of common shares, net of issue costs	-	133,700
Net cash provided by financing activities	-	133,700
Change in cash during the year	(249,225)	(420,479)
Cash, beginning of year	302,710	723,189
Cash, end of year	$ 53,485	$ 302,710
Supplemental Cash Flow Information		
Income taxes paid (recovered)	$ -	$ -
Interest paid (received)	$ -	$ -
Non-cash Operating, Financing and Investing Activities		
Shares issued for exploration and evaluation assets	$ 17,250	$ 47,500
Shares issued for prepaid deposit, see Note 13	$ -	$ 30,000
Accounts payable related to exploration and evaluation assets	$ 10,000	$ -

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

1. Nature of Operations

Xplore Resources Corp. (the “Company”) was incorporated on February 24, 2017 pursuant to the Business Corporations Act of British Columbia and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On October 30, 2017, the Company completed its Initial Public Offering (“IPO”) and the Company’s shares commenced trading on the TSX-V under the symbol XPLR.

The Company’s principal business activities include the acquisition and exploration of mineral property assets prospective for gold and copper mineralization throughout the Americas (Note 5).

The head office, principal address, records office, and registered address of the Company is located at 1 King Street West, Suite 4800-300, Toronto, Ontario, Canada, M5H 1A1.

2. Going Concern Uncertainty

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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

Although the Company has positive working capital of $70,784 as at June 30, 2023, several adverse conditions cast significant doubt on the validity of the going concern assumption. Namely, the Company had not advanced its mineral properties to commercial production, and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements (Note 6), results from its mineral property exploration activities, its ability to attain profitable operations, and its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating costs. These events and conditions create a material uncertainty that may cast significant doubt on the ability of the Company to continue operations as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in consolidated financial statements.

3. Basis of Preparation

a) Statement of compliance

The Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

b) Basis of presentation

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments measured at fair value.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements include the accounts of the Company and its subsidiary. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns.

	Relationship	Percentage
Xplore Resources Corp.	Parent	
Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.)	Subsidiary	100%

Inter-company balances and transactions have been eliminated on consolidation.

c) Approval of the financial statements

The consolidated financial statements of the Company for the years ended June 30, 2023 and 2022 were reviewed by the Board of Directors and approved and authorized for issue by the Board of Directors on October 26, 2023. The Board of Directors has the right to amend the consolidated financial statements after they are issued.

d) Recent accounting pronouncements and changes to accounting policies

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Summary of Significant Accounting Policies

a) Exploration and evaluation assets

i) Expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation ("E&E") expense. Once the legal right to explore has been acquired, costs directly associated with an exploration project are capitalized as either tangible or intangible E&E assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved or probable mineral reserves sufficient to sustain profitable production are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to write-off of exploration and evaluation assets in profit or loss. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to E&E expense as they occur.

ii) Impairment

Assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further E&E activities is neither budgeted nor planned;
- E&E activities have not led to a discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue further E&E activities;
- Title to the asset is compromised, has expired or is expected to expire;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale;
- Adverse changes in the taxation, regulatory or political environment; and
- Adverse changes in variables in commodity prices and markets making the project unviable.

4. Summary of Significant Accounting Policies (cont'd)

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

b) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, and are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises, and can be estimated reliably. The timing of the actual rehabilitation expenditure is dependent on a number of factors, such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no material restoration, rehabilitation and environmental obligations as at June 30, 2023 and 2022.

c) Cash

Cash include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of chequing accounts held at financial institutions in Canada and funds held in trust which, at times, balances may exceed insured limits. The Company held no cash equivalents as at June 30, 2023 and 2022.

d) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

4. Summary of Significant Accounting Policies (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Share capital

Common shares, options and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares and options are recognized as a deduction from equity, net of any tax effects. The Company bifurcates units which consist of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value, if any, of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to share-based payments reserve. When options or warrants are exercised, the grant date fair value along with the proceeds on exercise is reclassified from share-based payments reserve to capital. When options or warrants are forfeited or expire, the grant date fair value is reclassified from share-based payments reserve to deficit.

Common share issuance costs are incremental costs directly associated with issuance. These costs typically include fees paid to bankers or underwriters, attorneys, accountants, and other third parties. Common share issuance costs are recorded as a reduction of the share proceeds.

f) Earnings (loss) per share

Earnings (loss) per share is calculated by dividing the net income (loss) for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Basic and diluted loss per share are the same for the periods presented when there are no dilutive instruments outstanding during the periods presented, or the effect of dilutive instruments would be anti-dilutive.

g) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued for goods or services to other than employees, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment, at the date the goods or services are received by the Company.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipients become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents

4. Summary of Significant Accounting Policies (cont'd)

the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve, or common shares as applicable.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

h) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: (a) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (b) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability 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.

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

i) Financial instruments

Financial assets and financial liabilities, except for trade receivables, but including derivatives, are recognized on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract. Trade receivables are initially recognized when they are originated.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

4. Summary of Significant Accounting Policies (cont'd)

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information. For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade accounts receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off. The Company assumes that credit risk on financial assets has increased if it is more than 30 days past due.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive.

The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

4. Summary of Significant Accounting Policies (cont'd)

The Company's financial instruments are accounted for as follows under IFRS 9:

	Classification	*Measurement*
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

j) Critical accounting judgments and estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

Judgments

Going concern
Management makes an assessment about the Company's ability to continue as a going concern by taking into the account the consideration of the various events and conditions discussed in Note 2.

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

Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Recognition of deferred tax assets and liabilities
The carrying amount of deferred tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred tax assets and liabilities recognized from period to period.

4. Summary of Significant Accounting Policies (cont'd)

Impairment
Management assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

Estimates

Share-based payments
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity-settled transactions with non-employees are recorded at the fair value of the good or service provided, where this is readily determinable. In other instances, they are recorded at the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share-based award, volatility and dividend yield and making assumptions about them.

During fiscal 2023, the Company issued 148,000 (2022 – 546,909) common shares for the E&E assets. The Company valued 148,000 (2022 - 456,000) of these common shares based on the closing price of the Company's share price on date of issue. The remaining balance of nil (2022 – 90,909) common shares were valued at $nil (2022 - $12,500) based on the daily volume weighted average price of the Company's shares as reported by the TSX-V for the 14-day period as per the terms of the underlying agreement.

During fiscal 2023, the Company granted nil (2022 - 40,000) stock options and recognized $nil (2022 - $2,000) for share-based payments. The fair value of the stock options was estimated using the Black-Scholes option pricing model.

5. Exploration and Evaluation Assets

Valk Property

On September 30, 2019, the Company finalized an asset purchase agreement (the "Agreement") to acquire a 100% interest in the Valk property (the "Valk Property"). The Valk Property mineral claims are located at in the Nanaimo mining division in northeastern Vancouver Island, 27 KM northwest of Port Hardy in British Columbia.

The Agreement was amended on February 7, 2020 and again on November 2, 2020 (the "Amended Agreement"). Under the terms of the Amended Agreement, the Company acquired 100% interest in the Valk Property by making the following cash payments and share issuances:

a) a cash payment of $50,000 (paid September 2019);

b) a cash payment of $100,000 (paid November 2020);

c) issuance of 600,000 common shares (issued September 2019); and

d) issuance of 400,000 common shares (issued November 2020).

5. Exploration and Evaluation Assets (cont'd)

After making the cash payments and completing the share issuances noted above, the Company has no further commitments of minimum exploration expenditures; no future cash payments, and no further share issuances per the Amended Agreement.

The Company entered into a finder's fee agreement on February 13, 2019 which was further amended on October 26, 2020 (the "Finder's Agreement"). Pursuant to this Finder's Agreement, the Company made a payment of $5,000 cash, issued 60,000 common shares (issued September 2019), and made a final payment of $5,000 cash (paid November 2020). There are no further payments owing under the Finder's Agreement.

The Company has granted a 2% Net Smelter Return ("NSR") Royalty which is effective on all future production from the Valk Property. The Company may buy back half (1%) of the Royalty, at any time, for a fixed cost of $1,500,000.

Upper Red Lake Property

On February 5, 2021, the Company signed a property acquisition agreement with Abitibi Royalties Inc. ("Abitibi") whereby the Company may acquire a 100% interest in the 1,750 Ha Upper Red Lake Gold Property (the "Upper Red Lake Property"), located in the Red Lake Mining Division in Ontario by completing the following terms:

a) The Company obtaining all necessary approvals from the TSX-V (received);

b) The issuance of $62,500 in common shares which equated to 438,596 common shares, based on the daily volume weight averaged (the "VWAP") price of the Company's shares as reported by the TSX-V, for the 14-day period preceding execution of the related letter of intent (issued);

c) On or before the first anniversary date of February 4, 2022, the Company shall issue to Abitibi $125,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14-day period either 1) execution of the first anniversary date; or 2) an accelerated date to be determined at the sole discretion of the Company. On February 3, 2022, in exchange for the issuance of an additional 90,909 common shares valued at $12,500, Abitibi agreed to extend the required common share issue date by six months, and subsequently, extended this date by an additional six months, in exchange for the issuance of an additional 100,000 common shares valued at $11,250. At the extended due date of February 4, 2023, the Company did not exercise this term of the agreement;

d) On or before the second anniversary date of February 4, 2023, the Company shall issue to Abitibi CDN$150,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14-day period preceding either 1) execution of the second anniversary date or 2) an accelerated date to be determined at the sole discretion of the Company;

e) The Company agrees to complete sufficient exploration work on the property to maintain the claims in good standing by incurring minimum E&E expenditures of $35,200 on or before October 7, 2022 (completed); and

f) On completing the share issuance obligations, the Company shall have earned a 100% interest in the Upper Red Lake minus a 1.5% NSR on any future metal production from the Upper Red Lake Property.

The Company announced the termination of the option agreement for the Upper Red Lake property to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper

5. Exploration and Evaluation Assets (cont'd)

property in British Columbia. Consequently, the Upper Red Lake property assets have been written-off to $nil to reflect this termination.

Pringle Lake Property

On February 25, 2021, the Company signed a property acquisition agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Inc. (together the "Vendors") whereby the Company may acquire a 100% ownership interest in the 78 contiguous cells (1,560 Ha) Pringle Lake Property ("Pringle Lake Property"), located in the Red Lake Mining Division in Ontario by completing the following terms:

a) The Company obtaining all necessary approvals from the TSX-V (received);

b) Making a cash payment of $18,000 to the Vendors on signing of the agreement (paid);

c) Issuing to the Vendors 36,000 shares of the Company within five days of TSX-V approval of the agreement (issued);

d) Making a cash payment of $24,000 and issuing 48,000 shares of the Company to the Vendors on or before February 24, 2022 (paid and issued);

e) Making a cash payment of $30,000 to the Vendors on or before February 24, 2023 (not paid); and

f) Making a final cash payment to the Vendors of $30,000 on or before February 24, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Pringle Lake Property and the Vendors would retain a 1.5% NSR royalty on all future metal production. The Company may purchase one half of the NSR for $600,000.

The Company announced the termination of the option agreement for the Pringle Lake property to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Pringle Lake property assets have been written-off to $nil to reflect this termination.

Perrigo Lake Property

On August 13, 2021, the Company entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in the 166 contiguous cell claims (3,370 Ha) Perrigo Lake Property ("Perrigo Lake Property") located in the McNaughton Township, Red Lake Mining Division in Ontario.

Under the terms of the Agreement, the Company will acquire a 100% ownership interest in the Perrigo Lake Property by completing the following:

a) the Company obtaining all necessary approvals from the TSX-V (received);

b) making a cash payment of $18,000 to the vendors on signing of the Agreement (paid);

c) issuing to the vendors 48,000 shares within five (5) days of TSX-V approval of the Agreement (issued);

5. Exploration and Evaluation Assets (cont'd)

d) making a cash payment of $20,000 and issuing 48,000 shares or before September 9, 2022 (paid and issued);

e) making a cash payment of $28,000 on or before September 9, 2023 (paid subsequently); and

f) making a final cash payment to the vendors of $30,000 on or before September 9, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Perrigo Lake Property and the vendors would retain a 1.75% NSR royalty on all future metal production. The Company may purchase 0.50% of the NSR for $600,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arms-length third party.

Surge Property

On February 18, 2022, the Company entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in eight (8) unpatented continuous mining claims (3,416 Ha) that make up the Surge property (the "Surge Property") located in the Patricia Mining District in Ontario.

Under the terms of the Agreement, the Company will acquire a 100% ownership interest in the Surge Property by completing the following:

a) the Company obtaining all necessary approvals from the TSX-V (received);

b) incurring exploration expenditures in an aggregate amount of $60,000 on or before the first anniversary (incurred);

c) issuing to the vendors 160,000 shares of the Company on signing of the Agreement (issued);

d) making a cash payment of $20,000 to the vendors on signing of the Agreement (paid);

e) making a cash payment of $25,000 on or before February 18, 2023, in exchange for a $5,000 cash payment, this anniversary date was extended to May 15, 2023 (paid);

f) making a cash payment of $30,000 on or before February 18, 2024; and

g) making a final cash payment to the vendors of $35,000 on or before February 18, 2025.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Surge Property and the vendors would retain a 1.5% NSR royalty on all future metal production. The Company may at any time, purchase 0.5% of the NSR for $800,000.

Brazilian Properties

On December 1, 2021, the Company agreed to acquire 100% of the issued and outstanding shares of Baru Exploração Mineral Ltda. ("Baru"), a Brazilian based exploration company, for US$10,000 and the issuance of 500,000 common shares of the Company (shares issued as at June 30, 2022). The transaction closed subsequent to June 30, 2023.

5. Exploration and Evaluation Assets (cont'd)

Exploration – Energia (Li)

On September 22, 2022, Baru Exploração Mineral Ltda. ("Baru") (see Note 14), acquired through staking four (4) tenements, (4,585 hectares) within the Eastern Brazilian Pegmatite Province ("EBPP"), Minas Gerais, Brazil. The tenements, are collectively known as the Energia Lithium Properties.

On December 6, 2022, Baru Exploração Mineral Ltda. ("Baru"), acquired through staking, seven (7) tenements (9,120 hectares) in the Borborema Pegmatite Province ("BPP"), Rio Grande do Norte, Brazil. The tenements, are collectively known as the Borborema Lithium Properties.

Exploration costs incurred to date totaling $45,385, have been expensed to pre-exploration and evaluation costs.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

The Company has incurred the following acquisition and exploration expenditures, which are classified as intangible assets, as at June 30, 2023 and 2022:

	Surge Property	Perrigo Lake	Pringle Lake	Upper Red Lake	Valk Project	Total
Acquisition Costs						
Balance at June 30, 2021	$ -	$ -	$ 25,650	$ 64,020	$ 342,500	$ 432,170
Cash payments	20,000	18,000	24,000	220	-	62,220
90,909 common shares issued at $0.1375	-	-	-	12,500	-	12,500
48,000 common shares issued at $0.125	-	-	6,000	-	-	6,000
48,000 common shares issued at $0.1875	-	9,000	-	-	-	9,000
160,000 common shares issued at $0.125	20,000	-	-	-	-	20,000
Balance at June 30, 2022	40,000	27,000	55,650	76,740	342,500	541,890
Cash payments	32,500	20,000	-	-	-	52,500
48,000 common shares issued at $0.125	-	6,000	-	-	-	6,000
100,000 common shares issued at $0.1125	-	-	-	11,250	-	11,250
Asset write-off	-	-	(55,650)	(87,990)	-	(143,640)
Balance at June 30, 2023	72,500	53,000	-	-	342,500	468,000
Exploration Costs						
Balance at June 30, 2021	-	-	-	-	110,988	110,988
Personnel and management	-	-	-	-	38,755	38,755
Food and lodging	-	-	-	4,506	11,621	16,127
Transportation	-	-	-	5,142	8,142	13,284
Equipment rentals and consumables	-	-	-	3,225	11,644	14,869
Geophysics	41,670	45,738	35,374	51,503	-	174,285
Analytical	-	-	-	46,647	23,817	70,464
Reporting	-	-	-	-	5,750	5,750
Balance at June 30, 2022	41,670	45,738	35,374	111,023	210,716	444,521
Food and lodging	3,712	-	-	-	-	3,712
Transportation	4,967	-	-	-	-	4,967
Equipment rentals and consumables	3,477	-	-	-	-	3,477
Geophysics	22,400	-	-	935	-	23,335
Analytical	11,801	2,500	2,500	2,500	-	19,301
Asset write-off	-	-	(37,874)	(114,458)	-	(152,332)
Balance at June 30, 2023	88,027	48,238	-	-	210,716	346,981
Total E&E assets as at June 30, 2023	$ 160,527	$ 101,238	$ -	$ -	$ 553,216	$ 814,981
Total E&E assets as at June 30, 2022	$ 81,670	$ 72,738	$ 91,024	$ 187,763	$ 553,216	$ 986,411

(Stated in Canadian Dollars)

6. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) During the years ended June 30, 2023 and 2022, the Company issued the following common shares:

i) On July 9, 2021, the Company completed a $360,000 flow-through share private placement offering by issuing 1,440,000 common shares at a price of $0.25 per share. $36,000 was bifurcated as a flow-through share premium, recognized as a liability and subsequently recognized as income. The funds from the flow-through share private placement were used by the Company to incur Canadian exploration expenses that qualified as flow-through mining expenditures. The Company paid finder's fees totaling $5,000 to eligible finders. As of June 30, 2021, the Company had collected $185,300 of proceeds; the remainder was collected during fiscal 2022.

ii) On September 9, 2021, the Company issued 48,000 common shares at a price of $0.1875 per share as part of the Perrigo Lake agreement (Note 5).

iii) On January 17, 2022, the Company issued 200,000 common shares at a price of $0.15 per share as part of a planned investment in Baru Exploração Mineral Ltda.

iv) On February 3, 2022, the Company issued 90,909 common shares at a price of $0.1375 per share, to extend the requirement to issue shares, as part of the Upper Red Lake agreement, by six months (Note 5).

v) On February 18, 2022, the Company issued 160,000 common shares at a price of $0.125 per share as part of the Surge Property agreement (Note 5).

vi) On February 25, 2022, the Company issued 48,000 common shares at a price of $ 0.125 per share as part of the Pringle Lake agreement (Note 5).

vii) On August 12, 2022, the Company issued 48,000 common shares at a price of $ 0.125 per share as part of the Perrigo Lake agreement (Note 5).

viii) On November 2, 2022, the Company issued 100,000 common shares at a price of $ 0.10 per share as part of the Red Lake agreement (Note 5).

c) The changes in warrants issued during the years ended June 30, 2023 and 2022 are as follows:

	Year ended June 30, 2023				Year ended June 30, 2022			
	Number of warrants		Weighted-average exercise price	Weighted-average remaining life in years	Number of warrants		Weighted-average exercise price	Weighted-average remaining life in years
Balance, beginning of year	3,566,400	$	0.38		3,566,400	$	0.38	
Expired	(134,400)	$	0.38		-	$	-	
Balance, end of year	3,432,000	$	0.38	0.25	3,566,400	$	0.38	1.25

(Stated in Canadian Dollars)

6. Shareholders' Equity (cont'd)

In fiscal 2023, the expiry date of the warrants was extended for one year. Warrants exercisable and outstanding as at June 30, 2023 are as follows:

Expiry Date	Number of warrants	Exercise Price
September 28, 2023	3,232,000	$0.38
September 29, 2023	200,000	$0.38
	3,432,000	

d) Escrowed shares:

Pursuant to an escrow agreement dated August 30, 2017 (the "Escrow Agreement") between the Company and certain shareholders of the Company, 800,000 common shares (the "CPC Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the initial public offering; and pursuant to an escrow agreement dated October 6, 2020, 4,440,000 common shares (the "VS Escrowed Shares"), were deposited in escrow. Pursuant to the Escrow Agreements, the CPC Escrowed Shares and the VS Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of the QT and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. As at June 30, 2023, there are 786,000 common shares remaining in escrow. These CPC Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

e) Loss per share:

Basic and diluted loss per share

	Year ended June 30, 2023	Year ended June 30, 2022
Numerator:		
Net loss	$ (457,329)	$ (196,670)
Denominator:		
Weighted average number of common shares (basic)	15,642,009	15,195,973
Dilutive effect of share options	-	-
Dilutive effect of warrants	-	-
Weighted average number of common shares (diluted)	15,642,009	15,195,973
Basic and diluted (loss) income per common share	$ (0.03)	$ (0.01)

(Stated in Canadian Dollars)

7. Share-based Payments

a) Stock options:

The Company has adopted a rolling incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

On March 16, 2022, the Company granted 40,000 stock options to a consultant, at an exercise price of $0.25 with an expiration date of March 16, 2025. The stock options vested immediately upon grant. The Company recognized $2,000 for share-based payments.

On May 18, 2022, 120,000 stock options expired.

On November 23, 2022, 200,000 stock options expired.

The fair value of the fiscal 2022 - 40,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 1.9 % (2021 - 0.50%), a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 80% and an expected life of 3 years. The fair value of the stock options was $0.05 per option. The expected volatility assumption is based on the estimated volatility of comparable early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

The changes in stock options issued during the years ended June 30, 2023 and 2022 are as follows:

	Year ended June 30, 2023				Year ended June 30, 2022			
	Number of options		Weighted-average exercise price	Weighted-average remaining life in years	Number of options		Weighted-average exercise price	Weighted-average remaining life in years
Balance, beginning of year	920,000	$	0.30		1,000,000	$	0.30	
Granted	-	$	-		40,000	$	0.25	
Expired	(200,000)	$	0.53		(120,000)	$	0.25	
Balance, end of year	720,000	$	0.25	0.93	920,000	$	0.30	1.60

(Stated in Canadian Dollars)

7. Share-based Payments (cont'd)

Stock options exercisable and outstanding as at June 30, 2023 are as follows:

Expiry Date	Number of options	Exercise Price
May 18, 2024	680,000	$0.25
March 16, 2025	40,000	$0.25
	720,000	

b) Finder's warrants:

On September 28, 2020, the Company issued an aggregate of 134,400 warrants as finder's fees. These warrants have an exercise price of $0.375 and expired on September 28, 2022. The fair value of the 134,400 finder's warrants was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.23%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80% and an expected life of 2 years. The fair value of the finder's warrants was $0.075 per warrant.

The expected volatility assumption was based on the estimated volatility of comparable early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

8. Related Party Transactions and Balances

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

Key management personnel include the Directors, the Chief Executive Officer and the Chief Financial Officer who have the authority and responsibility for planning, directing and controlling of the activities of the Company.

During the year ended June 30, 2023 and 2022, the Company paid $nil (2022 - $nil) to related parties.

9. Capital Management

The Company considers the components of total equity of $885,765 at June 30, 2023 (2021 - $1,325,844) and manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or borrow funds from related parties. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

9. Capital Management (cont'd)

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended June 30, 2023. The Company is not subject to external restrictions on its capital.

10. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

There were no changes to the Company's risk exposure and management of these risks during the year ended June 30, 2023.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk, has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2023 equal $60,114. All the liabilities presented as accounts payable and accrued liabilities are due on normal trade terms, typically 30 days. The Company intends to finance its operations over the next twelve months with the existing funds available and obtaining additional financing through bridge loans and raising additional funding.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at June 30, 2023, the Company is not exposed to significant market risk.

(Stated in Canadian Dollars)

11. Segmented Information

At June 30, 2023 the Company has one reportable operating segment being the acquisition and exploration of mineral property assets. All of the Company's assets are located in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

12. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the income (loss) before income taxes due to the following:

	Year ended June 30, 2023	Year ended June 30, 2022
Loss before income taxes	$ (457,329)	$ (196,670)
Canadian federal and provincial income tax rates	26.5%	26.5%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(120,000)	(50,000)
Increase (decrease) attributable to:		
Non-deductible expenditures	-	1,000
Flow through expenditures renounced	-	90,000
Change in unrecognized deferred tax assets	120,000	(41,000)
Tax expense	$ -	$ -

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

	Year ended June 30, 2023	Year ended June 30, 2022
Exploration and evaluation assets	$ (50,000)	$ (88,000)
Non-capital loss carry forwards	299,000	210,000
Share issuance costs	1,000	1,000
	250,000	123,000
Less: tax benefits not recognized	(250,000)	(123,000)
Net deferred tax asset (liability)	$ -	$ -

(Stated in Canadian Dollars)

12. Income Taxes (cont'd)

At June 30, 2023 the Company has non-capital losses of approximately $1,127,000 available for carry-forward to reduce future years' income taxes, expiring as follows:

Expiry Date		Amount
June 30, 2037	$	11,000
June 30, 2038		48,000
June 30, 2039		168,000
June 30, 2040		167,000
June 30, 2041		199,000
June 30, 2042		417,000
June 30, 2043		117,000
	$	1,127,000

13. Subsequent Events

On December 1, 2021, the Company agreed to acquire 100% of the issued and outstanding shares of Baru Exploração Mineral Ltda. ("Baru"), a Brazilian based exploration company, for US$10,000 and the issuance of 200,000 common shares of the Company (shares issued as at June 30, 2022). The transaction closed subsequent to year end 2023.

Subsequent to year end, the warrants referred to in Note 6 expired, unexercised.

The Board of Directors of the Company has authorized a consolidation of the Company's outstanding common shares on the basis of two and one half (2.5) pre-consolidation common shares for one (1) post-consolidation common share (the "Share Consolidation"). The effective date of the Share Consolidation was October 24, 2023. All references and calculations to number of shares, options, and warrants and the values assigned thereon, have been reflected in these consolidated financial statements.

The Company has issued 320,000 nontransferable warrants to 1077712 BC Ltd. (the "Lender") in connection with a bridge loan agreement between the Company and the Lender dated September 18, 2023. The warrants qualify as a loan bonus under the polities of the TSX Venture Exchange and each warrant entitles the holder to acquire one common share in the capital of the Company at a price of C$0.125 per share until October 20, 2024. The warrants and any common shares issued upon exercise of the warrants are subject to a hold period and may not be traded until February 21, 2024, except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange.