

**Sky Gold Corp.**

Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Sky Gold Corp.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Sky Gold Corp. (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, 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that as of June 30, 2023, the Company has not achieved profitable operations, has a working capital deficiency of \$63,098, accumulated losses of \$21,836,015 since inception and expects to incur further losses in the development of its business. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that casts 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 of the current year. 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, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report:

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

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$392,880 as at June 30, 2023. As more fully described in Note 4 to the consolidated financial statements, management assesses E&E Assets for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount.



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

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Testing the Company's additions to E&E Assets for the period by evaluating a sample of recorded expenditures for consistency to underlying records, the capitalization requirements of the Company's accounting policy and the requirements of the accounting standard.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including various property agreements and vouching cash payments on a test basis.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

### ***Other Information***

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

Our opinion on the 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, 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:

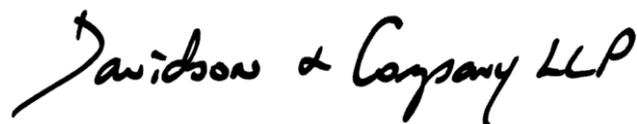
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.

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 year ended 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 Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

October 30, 2023

**Sky Gold Corp.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)

	Notes	June 30, 2023	June 30, 2022
<b>Assets</b>		\$	\$
<b>Current assets</b>			
Cash		3,053	1,681
Receivable		25,176	6,250
Prepaid expenses	6	8,443	5,320
		36,672	13,251
Mineral advances	7	149,565	-
Exploration and evaluation assets	7	392,880	5,349,591
Total assets		579,117	5,362,842
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8, 11	94,770	148,379
Loan payable	11	5,000	-
		99,770	148,379
<b>Shareholders' equity</b>			
Share capital	9	19,480,332	18,287,782
Reserves	9, 10	2,835,030	2,665,338
Deficit		(21,836,015)	(15,738,657)
Total shareholders' equity		479,347	5,214,463
Total liabilities and shareholders' equity		579,117	5,362,842

*Nature of operations (note 1)*  
*Subsequent events (note 15)*

**Approved on Behalf of the Board of Directors:**

/s/ Mike England  
Director

/s/ Don McKinnon  
Director

See accompanying notes to the consolidated financial statements

**Sky Gold Corp.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**For the years ended June 30,**  
(Expressed in Canadian Dollars)

	Notes	2023	2022
<b>EXPENSES</b>			
Consulting fees	11	\$ 89,800	\$ 62,500
General and administration		40,640	81,961
Marketing and promotion		57,080	81,139
Office management services	11	147,000	180,000
Other income		(16,147)	-
Professional fees		130,299	121,775
Regulatory and filing fees		46,030	29,071
Flow-through premium recovery	9	(15,458)	-
Share-based payments	10, 11	125,200	330,100
Write-off of exploration and evaluation assets	7	5,492,914	-
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (6,097,358)</b>	<b>\$ (886,546)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.20)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>30,862,436</b>	25,376,636

See accompanying notes to the consolidated financial statements

**Sky Gold Corp.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)

	Attributable to the owners of the Company				
	Shares	Share Capital	Reserves	Deficit	Total equity
	#	\$	\$	\$	\$
<b>Balance at June 30, 2021</b>	25,376,636	18,126,702	2,393,318	(14,852,111)	5,667,909
Options exercised	183,333	129,580	(58,080)	-	71,500
Exploration and evaluation assets	116,666	31,500	-	-	31,500
Share-based payments	-	-	330,100	-	330,100
Net loss for the year	-	-	-	(886,546)	(886,546)
<b>Balance at June 30, 2022</b>	25,676,635	18,287,782	2,665,338	(15,738,657)	5,214,463
Share issuance – private placements	9,503,889	945,108	43,092	-	988,200
Share issuance costs - cash	-	(26,700)	-	-	(26,700)
Share issuance costs – warrants	-	(1,400)	1,400	-	-
Flow-through premium liability	-	(15,458)	-	-	(15,458)
Exploration and evaluation assets	2,400,000	291,000	-	-	291,000
Share-based payments	-	-	125,200	-	125,200
Net loss for the year	-	-	-	(6,097,358)	(6,097,358)
<b>Balance at June 30, 2023</b>	37,580,524	19,480,332	2,835,030	(21,836,015)	479,347

See accompanying notes to the consolidated financial statements

**Sky Gold Corp.**  
**Consolidated Statements of Cash Flows**  
**For the year ended June 30,**  
(Expressed in Canadian Dollars)

	2023	2022
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (6,097,358)	\$ (886,546)
Items not affecting cash:		
Share-based payments	125,200	330,100
Flow-through premium recovery	(15,458)	-
Write-off of exploration and evaluation assets	5,492,914	-
Change in non-cash operating working capital items:		
Decrease (increase) in receivable	(18,926)	34,499
Decrease (increase) in prepaid expenses	(3,123)	19,680
Increase (decrease) in accounts payable and accruals	(10,898)	65,021
<b>Cash flows used in operating activities</b>	<b>(527,649)</b>	<b>(437,246)</b>
<b>Cash flows from investing activities</b>		
Mineral advances	(149,565)	-
Mineral property acquisition	(102,733)	(43,669)
Exploration and evaluation assets	(185,181)	(612,048)
Reclamation bond	-	12,000
<b>Cash flows used in investing activities</b>	<b>(437,479)</b>	<b>(643,717)</b>
<b>Cash flows from financing activities</b>		
Proceeds from private placements	988,200	-
Share issuance costs	(26,700)	-
Loan payable	5,000	-
Options exercised	-	71,500
<b>Cash flows provided by financing activities</b>	<b>966,500</b>	<b>71,500</b>
<b>Increase (decrease) in cash</b>	<b>1,372</b>	<b>(1,009,463)</b>
<b>Cash – beginning of year</b>	<b>1,681</b>	<b>1,011,144</b>
<b>Cash – end of year</b>	<b>\$ 3,053</b>	<b>\$ 1,681</b>
<b>Supplemental cash flow information</b>		
Fair value of options exercised	\$ -	\$ 58,080
Fair value of brokers' warrants	\$ 1,400	\$ -
Flow-through share premium liability	\$ 15,458	\$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 5,539	\$ 48,250
Shares issued for exploration and evaluation assets	\$ 291,000	\$ 31,500

See accompanying notes to the consolidated financial statements

**Sky Gold Corp.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**  
(Expressed in Canadian Dollars)

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## **1 Nature of operations**

Sky Gold Corp. (the “Company”) was incorporated as Minati Capital Corp. under the *Business Corporations Act* (British Columbia) on January 8, 2008. The Company was listed on the TSX Venture Exchange (the “Exchange”) formerly under the symbol SRK. On November 21, 2014, the Company changed its name to Strike Diamond Corp. from Strike Graphite Corp. On March 15, 2016, the Company consolidated its share capital on a ten for one basis and changed its name to Sunvest Minerals Corp. These financial statements reflect the share consolidation. On April 16, 2019, the Company changed its name to Sky Gold Corp. The Company is listed on the Exchange under the trading symbol SKYG.

The Company is in the exploration stage and is in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

On January 19, 2023, the Company consolidated its outstanding shares on the basis of three existing shares for one new share. All share and per share amounts have been retroactively restated to reflect the share consolidation.

The address of the Company’s corporate office and its principal place of business is Suite 1240 – 789 West Pender Street, Vancouver BC, V6C 1H2, Canada.

### *Going concern*

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for twelve months and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at June 30, 2023, the Company had not advanced its exploration and evaluation assets to commercial production. At June 30, 2023, the Company has not achieved profitable operations, a working capital deficiency of \$63,098 (2022 - \$135,128), accumulated losses of \$21,836,015 (2022 - \$15,738,657) since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

## **2 Basis of presentation and statement of compliance**

### *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements are authorized for issue by the Board of Directors on October 30, 2023.

## **2 Basis of presentation and statement of compliance (cont'd)**

### *Basis of Measurement*

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. They also require management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## **3 Significant accounting policies**

### **Cash**

Cash includes cash on hand, and deposits held at call with financial institutions.

### **Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries as at June 30, 2023. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The Company incorporated a subsidiary, Sunvest Nevada Corp., on January 4, 2017 under the laws of Nevada, USA. The Company holds a 100% interest in Sunvest Nevada Corp. These consolidated financial statements include the accounts of Sunvest Nevada Corp.

The Company incorporated a subsidiary, 1175528 B.C. Ltd., on September 19, 2018 in the Province of British Columbia. The Company later amalgamated 1174679 B.C. Ltd. and 1175528 B.C. Ltd. into one company under the name 1179985 B.C. Ltd. The Company holds a 100% interest in 1179985 B.C. Ltd. These consolidated financial statements include the accounts of 1179985 B.C. Ltd.

### **Financial Instruments**

#### i) Financial assets

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

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

### **3 Significant accounting policies (cont'd)**

#### **Financial Instruments (cont'd)**

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

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

#### ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

#### iii) Impairment of financial assets

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

#### **Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

### **3 Significant accounting policies (cont'd)**

#### **Exploration and Evaluation Assets**

##### *Pre-exploration Costs*

Pre-exploration costs are expensed in the period in which they are incurred.

##### *Exploration and evaluation costs for mineral properties*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of loss and comprehensive loss.

On an annual basis, the Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

#### **Share Capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

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

### **3 Significant accounting policies (cont'd)**

#### **Basic and Diluted Earnings (Loss) Per Share**

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding 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 and warrants that would be anti-dilutive.

#### **Income Taxes**

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

#### **Share-Based Payments**

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the consolidated financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of shares that will eventually vest.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Any consideration paid by directors, officers, employees and non-employees on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

### **3 Significant accounting policies (cont'd)**

#### **Rehabilitation Provision**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the consolidated statement of loss and comprehensive loss for the year. As at June 30, 2023 and 2022, the Company has no known obligations relating to rehabilitation.

#### **Flow-Through Shares**

The Company may, from time to time, issue flow-through common shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the tax deductibility of qualifying resource expenditures is transferred to investors. On issuance, the Company bifurcates the flow-through share into i) 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 ii) share capital. Upon expenditures 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 on settlement of flow-through share premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares or units are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations.

#### **Impairment of Long-lived Assets**

The Company's long-lived assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss for the year. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### **3 Significant accounting policies (cont'd)**

#### **Impairment of Long-lived Assets (cont'd)**

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **Future accounting pronouncements**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not expect any material impact from future accounting pronouncements.

### **4 Critical estimates and judgments**

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

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

#### **Recoverability of Capitalized Exploration and Evaluation Expenditures**

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

#### **Valuation of Share-Based Payments**

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 stock options granted. This estimate also requires determining the most appropriate inputs to the valuation model including the expected lives of the stock options, volatility, interest rates and, dividend yield and making assumptions about them. The model and assumptions used for estimating the fair value of share-based payment transactions are disclosed in Note 10.

#### **Recovery of Deferred Tax Assets**

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

## 5 Financial instruments

### Fair values of financial instruments

The Company's financial instruments consist of cash, receivable, mineral advances, accounts payable and accrued liabilities and loan payable. Cash is carried at fair value. The fair values of receivable, mineral advances, accounts payable and accrued liabilities, and loan payable approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Fair Value Hierarchy Level	June 30, 2023	June 30, 2022
<b>Financial assets</b>		\$	\$
Cash	1	3,053	1,681

### *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, receivables and mineral advances. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of refundable credits due from a federal government agency.

### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not consider its exposure to interest rate risk to be significant.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's goal is to have sufficient capital or access to capital to allow it to meet its liabilities when they become due. This goal has not been fully met in recent periods thereby increasing the liquidity risk. As at June 30, 2023, the Company had a working capital deficiency of \$63,098 as compared to working capital deficiency of \$135,128 at June 30, 2022. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

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## **5 Financial instruments (cont'd)**

### Interest Rate Risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

### Foreign Currency Risk

The Company is exposed to nominal foreign currency risk.

### Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings (loss) due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant.

## **6 Prepaid expenses**

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Rent	\$ -	\$ 1,320
Professional	4,200	4,000
Regulatory and filing	1,326	-
Insurance	2,917	-
	<b>8,443</b>	<b>5,320</b>

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**7 Exploration and evaluation assets**

	<b>Evening Star Property</b>	<b>Mustang Property</b>	<b>Virginia Property</b>	<b>Imperial Property</b>	<b>Greenwater Lake, Kekekuab Lake and Sun Gold Property</b>	<b>Star Lake Property</b>	<b>Horne and Laurie Property</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>June 30, 2022</b>	1,208,511	2,021,084	139,837	1,980,159	-	-	-	5,349,591
<i>Acquisition costs</i>								
Cash	20,733	-	-	-	7,000	25,000	50,000	102,733
Shares	-	-	-	-	165,000	70,000	56,000	291,000
	20,733	-	-	-	172,000	95,000	106,000	393,733
<i>Deferred exploration costs</i>								
Assays	-	-	8,986	-	-	-	-	8,986
Field work	3,709	-	-	-	1,906	-	-	5,615
Geological consulting	1,800	104,445	-	3,650	12,496	1,687	3,791	127,869
	5,509	104,445	8,986	3,650	14,402	1,687	3,791	142,470
Write-off	(1,234,753)	(2,125,529)	(148,823)	(1,983,809)	-	-	-	(5,492,914)
<b>June 30, 2023</b>	-	-	-	-	186,402	96,687	109,791	392,880

As of June 30, 2023, the Company had a deposit of \$149,595 (2022 – \$Nil) with an arm’s length vendor for future exploration work.

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**7 Exploration and evaluation assets (cont'd)**

	<b>Evening Star Property</b>	<b>Mustang Property</b>	<b>Virginia Property</b>	<b>Imperial Property</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>June 30, 2021</b>	864,881	1,808,459	91,711	1,884,500	4,649,551
<i>Acquisition costs</i>					
Cash	23,669	20,000	-	-	43,669
Shares	-	31,500	-	-	31,500
	23,669	51,500	-	-	75,169
<i>Deferred exploration costs</i>					
Assays	20,071	13,130	-	-	33,201
Drilling	134,580	-	-	-	134,580
Field work	39,835	130,395	12,816	78,281	261,327
Geological consulting	104,713	17,600	35,310	17,378	175,001
Travel	20,762	-	-	-	20,762
	319,961	161,125	48,126	95,659	624,871
<b>June 30, 2022</b>	1,208,511	2,021,084	139,837	1,980,159	5,349,591

## **7 Exploration and evaluation assets (cont'd)**

### **Evening Star Property, Nevada**

On November 23, 2016, the Company entered into an agreement (amended) to acquire a 100% interest in the Evening Star Property, located in Nevada.

To acquire an 80% interest in the Evening Star Property (the first option), the Company made the following payments:

#### Cash payments

- i) USD \$45,000 upon execution of the agreement (paid);
- ii) USD \$20,000 on or before June 4, 2017 (paid);
- iii) USD \$15,000 on or before January 5, 2018 (paid);
- iv) USD \$25,000 on or before June 4, 2018 (paid);
- v) USD \$7,500 on or before January 5, 2019 (paid);
- vi) USD \$8,750 on or before July 29, 2019 (paid)
- vii) USD \$8,750 on or before November 1, 2019 (paid);
- viii) USD \$15,000 on or before January 5, 2020 (paid);
- ix) USD \$25,000 on or before July 5, 2020 (paid); and
- x) USD \$50,000 on or before October 31, 2020 (amended from \$110,000 and paid).

#### Share issuances

- i) 8,333 common shares on or before January 5, 2018 (issued at a value of \$24,000);
- ii) 8,333 common shares on or before January 5, 2019 (issued at a value of \$10,000); and
- iii) amended to 166,666 common shares due on or before October 31, 2020 (issued at a value of \$72,500).

#### Exploration expenditures

- i) incur exploration expenditures of USD\$5,000 on or before June 4, 2017 (incurred); and
- ii) incur exploration expenditures of USD\$5,000 on or before June 4, 2018 (incurred).

The Company paid USD\$15,200 in additional staking costs as Evening Star Property's acquisition costs.

The Company has a second option to increase its interest by 20% (to 100%) by making cash payments of \$450,000 and issuing an additional 16,666 common shares.

A Net Smelter Return Royalty ("NSR") of 0.5% will be granted pursuant to the first option. An additional 2% NSR will be granted under the second option, of which 1% can be purchased for cancellation at the Company's option for \$500,000, and the remaining 1% NSR can be purchased for cancellation for \$1,000,000, for a period of five years commencing after the exercise of the second option.

During the year ended June 30, 2023, the Company decided not to continue with the acquisition of the property and wrote off exploration and evaluation assets of \$1,234,753.

## **7 Exploration and evaluation assets (cont'd)**

### **Mustang Property, Newfoundland**

On January 30, 2020, the Company entered into an option agreement to acquire a 100% interest in the Mustang Property located in Newfoundland, Canada.

In consideration of the Mustang Property, the Company shall make the following payments:

- a) \$35,000 upon execution of the agreement (paid);
- b) 883,333 common shares on or before February 16, 2020 (issued at a value of \$291,500); and

Additionally, the Company is responsible for maintaining the property in good standing by making the underlying option payments of the agreement:

- a) \$65,000 on or before February 27, 2020 (paid);
- b) issuance of common shares with a value of \$60,000 on or before February 27, 2020 (issued 200,000 common shares at a value of \$66,000); and
- c) incurring exploration expenditures of \$25,000 on or before January 21, 2021 (incurred).
- d) incurring exploration expenditures of \$100,000 on or before January 21, 2022 (incurred).
- e) incurring exploration expenditures of \$300,000 on or before January 21, 2023 (incurred).

A 3% NSR will be granted to the vendors with 1.5% purchasable by the Company for \$2,000,000.

In connection with the acquisition of the Mustang Property, the Company also paid a finder's fees of \$32,700 cash.

On May 15, 2020, the Company entered into an additional option agreement to acquire a 100% interest in the Mustang Expansion claims in consideration of:

- a) \$12,000 cash upon execution of the agreement (paid); and
- b) share issuance of 200,000 common shares (issued at a value of \$51,000).

In connection with the expansion, a 2% NSR will be granted to the vendors with 1% purchasable by the Company for \$1,000,000.

On November 8, 2020, the Company entered into an additional option agreement to acquire a 100% interest in the Mustang Expansion claims in consideration of:

- a) issue a total of 400,000 shares as follows:
  - a) 83,333 shares on or before November 18, 2020 (issued at a value of \$37,500).
  - b) 116,666 shares on or before November 8, 2021 (issued at a value of \$31,500).
  - c) 200,000 shares on or before November 8, 2022; and
- b) pay an aggregate total amount of \$65,000 as follows:
  - a) \$20,000 on or before November 18, 2020 (paid).
  - b) \$20,000 on or before November 8, 2021 (paid).
  - c) \$25,000 on or before November 8, 2022.

In connection with the expansion, a 2% NSR will be granted to the vendors with 1.0 % purchasable by the Company for \$1,000,000.

During the year ended June 30, 2023, the Company decided to abandon the acquisition of the Mustang Property and the Mustang Expansion claims and wrote off exploration and evaluation assets of \$2,125,529.

## **7 Exploration and evaluation assets (cont'd)**

### **Virginia Property, Newfoundland**

During the year ended June 30, 2020, the Company earned a 100% interest in the Virginia Property located in Newfoundland, Canada, in consideration of a cash payment of \$20,000 and issuance of 133,333 common shares at a value of \$44,000.

A 1.5% NSR will be granted to the vendors with 0.5% purchasable by the Company for \$500,000.

During the year ended June 30, 2023, the Company decided not to continue with the acquisition of the property and wrote off exploration and evaluation assets of \$148,823.

### **Imperial Property**

On May 26, 2021, the Company entered into two option agreements to acquire a 100% interest in the Imperial Property located in Quebec, Canada for the following consideration:

- i) issuance of 3,500,000 common shares (issued at a value of \$1,732,500); and
- ii) cash payment of \$150,000 within five days of approval (paid).

A 3% NSR will be granted to the vendor for each of the two agreements, with 1% purchasable by the Company for \$1,000,000.

During the year ended June 30, 2023, the Company decided not to continue with the acquisition of the property and wrote off exploration and evaluation assets of \$1,983,809.

### **Greenwater Lake, Kekekuab Lake and Sun Gold Property, Ontario**

On February 3, 2023, the Company entered into an agreement to acquire a 100% interest in the Greenwater Lake, Kekekuab Lake and Sun Gold Property, Ontario, Canada for the following consideration:

- i) issuance of 1,500,000 common shares (issued at a value of \$165,000); and
- ii) cash payment of \$20,000 (\$2,000 paid, and the remaining \$18,000 is currently negotiating for an extension).

A 2.5% NSR will be granted to the vendor for the agreement, with 1.5% purchasable by the Company for \$2,000,000.

In the event that the Company determines, in its reasonable discretion, that an ore body of more than 5,000,000 tonnes is situated in or on the property, and that such ore body is commercially viable in accordance with industry standards, then the consideration payable by the Company shall be adjusted upwards, such that the Company will issue an additional 1,000,000 common shares to the vendors provided that the Company has not sold or otherwise relinquished the property.

### **Star Lake Property, Ontario**

On March 14, 2023, the Company entered into an option agreement to acquire a 100% interest in the Star Lake Property, Ontario, Canada for the following consideration:

#### Cash payments

- i) \$25,000 on or before April 15, 2023 (paid); and
- ii) \$200,000 on or before March 14, 2027.

## **7 Exploration and evaluation assets (cont'd)**

### **Star Lake Property, Ontario (cont'd)**

#### Share issuances

- i) 500,000 common shares upon execution of the agreement (issued at a value of \$70,000);
- ii) 250,000 common shares on or before March 14, 2024;
- iii) 250,000 common shares on or before March 14, 2025; and
- iv) 250,000 common shares on or before March 14, 2026.

#### Exploration expenditures

- i) incur exploration expenditures of \$300,000 on or before March 14, 2024;
- ii) incur exploration expenditures of \$200,000 on or before March 14, 2025;
- iii) incur exploration expenditures of \$200,000 on or before March 14, 2026; and
- iv) incur total exploration expenditures of \$1,000,000 on or before March 14, 2027.

A 2.0% NSR will be granted to the vendors with 0.5% purchasable for \$500,000 on or before March 14, 2028, and the remaining 1.5% purchasable for \$2,500,000 on or before March 14, 2033.

The Company will also be required to make advance royalty payments of \$20,000 due annually upon the earlier of the completion of a NI 43-101 compliant resource estimate on the property or the seventh anniversary of the execution date (March 14, 2030), up to the tenth anniversary of the execution date (March 14, 2033).

### **Laurie Property, Ontario**

On April 11, 2023, the Company entered into an option agreement to acquire a 100% interest in the Laurie Property, located in Ontario, Canada for the following consideration:

#### Cash payments

- i) \$25,000 upon execution of this agreement as a non-refundable deposit (paid);
- ii) \$25,000 on or before April 11, 2024;
- iii) \$25,000 on or before April 11, 2025;
- iv) \$50,000 on or before April 11, 2026; and
- v) \$100,000 on or before April 11, 2027.

#### Share issuances

- i) 200,000 common shares upon execution of the agreement (issued at a value of \$28,000);
- ii) 200,000 common shares on or before April 11, 2024;
- iii) 200,000 common shares on or before April 11, 2025;
- iv) 200,000 common shares on or before April 11, 2026; and
- v) 200,000 common shares on or before April 11, 2027.

#### Exploration expenditures

- i) incur exploration expenditures of \$100,000 on or before April 11, 2024;
- ii) incur exploration expenditures of \$100,000 on or before April 11, 2025;
- iii) incur exploration expenditures of \$100,000 on or before April 11, 2026; and
- iv) incur total exploration expenditures of \$500,000 on or before March 14, 2027.

A 2.0% NSR will be granted to the vendors with 1.0% purchasable for \$500,000 on or before April 11, 2028, and the remaining 1.0% purchasable for \$2,500,000 on or before April 11, 2033.

The Company will also be required to make advance royalty payments of \$20,000 due annually upon the earlier of the completion of a NI 43-101 compliant resource estimate on the property or the seventh anniversary of the execution date (April 11, 2030), up to the tenth anniversary of the execution date (April 11, 2033).

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## 7 Exploration and evaluation assets (cont'd)

### Horne Property, Ontario

On April 5, 2023, the Company entered into an option agreement to acquire a 100% interest in the Horne Property, located in Ontario, Canada for the following consideration:

#### Cash payments

- i) \$25,000 upon execution of this agreement as a non-refundable deposit (paid);
- ii) \$25,000 on or before April 11, 2024;
- iii) \$25,000 on or before April 11, 2025;
- iv) \$50,000 on or before April 11, 2026; and
- v) \$100,000 on or before April 11, 2027.

#### Share issuances

- i) 200,000 common shares upon execution of the agreement (issued at a value of \$28,000);
- ii) 200,000 common shares on or before April 11, 2024;
- iii) 200,000 common shares on or before April 11, 2025;
- iv) 200,000 common shares on or before April 11, 2026; and
- v) 200,000 common shares on or before April 11, 2027.

#### Exploration expenditures

- i) incur exploration expenditures of \$100,000 on or before April 11, 2024;
- ii) incur exploration expenditures of \$100,000 on or before April 11, 2025;
- iii) incur exploration expenditures of \$100,000 on or before April 11, 2026; and
- iv) incur total exploration expenditures of \$500,000 on or before March 14, 2027.

A 2.0% NSR will be granted to the vendors with 1.0% purchasable for \$500,000 on or before April 11, 2028, and the remaining 1.0% purchasable for \$2,500,000 on or before April 11, 2033.

The Company will also be required to make advance royalty payments of \$20,000 due annually upon the earlier of the completion of a NI 43-101 compliant resource estimate on the property or the seventh anniversary of the execution date (April 11, 2030), up to the tenth anniversary of the execution date (April 11, 2033).

## 8 Accounts payable and accrued liabilities

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Trade accounts payable	\$ 40,770	\$ 70,253
Accrued liabilities	54,000	78,126
	94,770	148,379

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## 9 Share capital

Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issuances:

**During the year ended June 30, 2023, the Company:**

- i) closed a non-brokered private placement of 412,222 flow-through units at \$0.18 per unit for total gross proceeds of \$74,200, of which \$3,092 was allocated to the warrant component of the unit offering completed. Each flow-through unit is comprised of one common share and one-half common share purchase warrant of the Company. Each full warrant will entitle the holder to purchase one share at an exercise price of \$0.24 until July 7, 2024. In connection to the private placement, \$15,458 was attributed to the flow-through share premium liability. During the year ended June 30, 2023, the exploration expenditure commitment was completed and recorded flow-through premium recovery of \$15,458.

Concurrently, the Company closed a non-brokered private placement of 2,666,667 non-flow-through units at \$0.15 per unit for total gross proceeds of \$400,000, of which \$40,000 was allocated to the warrant component of the unit offering completed. Each non-flow-through unit is comprised of one common share and one common share purchase warrant of the Company. Each full warrant will entitle the holder to purchase one share at an exercise price of \$0.24 until July 7, 2024.

In connection with the financing, the Company also paid \$7,500 and granted 47,222 broker warrants with a fair value of \$1,400 exercisable at \$0.24 until July 7, 2024 as share issuance costs.

- ii) issued 1,500,000 common shares (valued at \$165,000) pursuant to the acquisition of the Greenwater Lake, Kekekuab Lake and Sun Gold Property (Note 7).
- iii) closed a non-brokered private placement of 6,425,000 non-flow-through units at \$0.08 per unit for total gross proceeds of \$514,000. Each non-flow-through unit is comprised of one common share and one common share purchase warrant of the Company. Each full warrant will entitle the holder to purchase one share at an exercise price of \$0.12 until April 4, 2025.

In connection with the financing, the Company paid \$19,200 as share issuance costs.

- iv) issued 500,000 common shares (valued at \$70,000) pursuant to the acquisition of the Star Lake Property (Note 7).
- v) issued 200,000 common shares (valued at \$28,000) pursuant to the acquisition of the Laurie Property (Note 7).
- vi) issued 200,000 common shares (valued at \$28,000) pursuant to the acquisition of the Horne Property (Note 7).

**During the year ended June 30, 2022, the Company:**

- i) issued 183,333 common shares pursuant to exercise of options for gross proceeds of \$71,500, and accordingly, the Company reallocated \$58,080 of share-based payment reserve to share capital.
- ii) issued 116,666 common shares (valued at \$31,500) pursuant to the amended terms of the acquisition of the Mustang Property (Note 7).

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## 9 Share capital (cont'd)

Share purchase warrants:

Details of share purchase warrant activity for the years ended June 30, 2023 and 2022:

Share purchase warrants outstanding	Year ended June 30, 2023		Year ended June 30, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
Outstanding – beginning of year	5,108,333	0.39	7,199,667	0.54
Granted	9,345,000	0.16	-	-
Expired/forfeited	(3,091,666)	0.45	(2,091,334)	0.87
Outstanding – end of year	11,361,667	0.18	5,108,333	0.39

As at June 30, 2023, the Company has outstanding share purchase warrants as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
	#	\$
December 23, 2023*	2,016,667	0.30
July 7, 2023**	13,889	0.24
July 7, 2023**	33,333	0.24
July 7, 2024	206,111	0.24
July 7, 2024	2,666,667	0.24
April 4, 2025	6,425,000	0.12
	11,361,667	

\* Extended from December 23, 2021 to December 23, 2023

\*\* Subsequently expired

The fair value of brokers' warrants was calculated using the Black-Scholes Option Pricing Model for total contributed surplus of \$1,400 based on the following weighted average assumptions:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Risk-free interest rate	0.94%	-
Expected life of broker's warrants	1.00 years	-
Annualized volatility	98.88%	-
Dividend yield	0%	-
Fair value per broker's warrants	\$0.010	-

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## 10 Share-based compensation

The Company has a Stock Option Plan (the “Plan”) under which it is authorized to grant options to directors, officers, consultants and employees of the Company. The number of options granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant of the options and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price (as that term is defined in the policies of the Exchange) of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum term of five years, are non-transferable and expire within 90 days of termination of employment or holding office as a director, officer, employee or consultant of the Company and in the case of death, expire within one year thereafter. The options generally vest on the date of grant, however, the Board of Directors may specify a vesting period on a grant-by-grant basis.

During the year ended June 30, 2023, the Company:

- i) granted incentive stock options to purchase 500,000 common shares at a price of \$0.10 until March 8, 2025.
- ii) granted incentive stock options to purchase 1,500,000 common shares at a price of \$0.11 until April 13, 2026.
- iii) granted incentive stock options to purchase 100,000 common shares at a price of \$0.10 until April 25, 2024.

During the year ended June 30, 2022, the Company:

- iv) granted incentive stock options to purchase 700,000 common shares at a price of \$0.39 until July 21, 2023.
- v) granted incentive stock options to purchase 133,333 common shares at a price of \$0.39 until August 30, 2023.
- vi) granted incentive stock options to purchase 666,667 common shares at a price of \$0.24 until April 8, 2024.

The fair value of options granted was calculated using the Black-Scholes Option Pricing Model for total share-based payment expense of \$125,200 (2022 - \$330,100) based on the following weighted average assumptions:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Risk-free interest rate	3.89%	1.26%
Expected life of options	2.67 years	2.00 years
Annualized volatility	112.03%	110.81%
Dividend yield	0%	0%
Fair value per option	\$0.060	\$0.073

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## 10 Share-based compensation (cont'd)

Details of stock option activity for the years ended June 30, 2023 and 2022:

Stock options outstanding	Year ended June 30, 2023		Year ended June 30, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Outstanding – beginning of year	2,016,667	0.39	1,900,000	0.45
Granted	2,100,000	0.11	1,500,000	0.33
Exercised	-	-	(183,333)	0.39
Expired/forfeited	(516,667)	0.57	(1,200,000)	0.42
Outstanding – end of year	3,600,000	0.20	2,016,667	0.39

As at June 30, 2023, share purchase options outstanding have a weighted average remaining contractual life of 1.58 years (2022 – 1.10 years).

The following table discloses the number of options and vested options outstanding as at June 30, 2023:

Number of options outstanding	Number of options vested	Exercise price	Expiry date
#	#	\$	
700,000	700,000	0.39	July 21, 2023*
133,333	133,333	0.39	August 30, 2023*
666,667	666,667	0.24	April 8, 2024
100,000	100,000	0.10	April 24, 2024
500,000	500,000	0.10	March 8, 2025
1,500,000	1,500,000	0.11	April 13, 2026
3,600,000	3,600,000		

\* Subsequently expired.

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## 11 Related party transactions

The Company's related parties include its subsidiaries and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

During the year ended June 30, 2023 and 2022, the Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel:

	<b>Year ended June 30, 2023</b>	<b>Year ended June 30, 2022</b>
	\$	\$
Consulting	23,500	-
Office management services	147,000	180,000
Share-based compensation	41,440	165,970
	211,940	345,970

Included in accounts payable and accrued liabilities at June 30, 2023 is \$3,150 (2022 - \$44,303) owed to companies owned by current and former officers/directors of the Company.

During the year ended June 30, 2023, the Company:

- i) paid or accrued consulting fee of \$12,000 (2022 - \$Nil) to an officer for consulting services provided.
- ii) paid or accrued consulting fee of \$11,500 (2022 - \$Nil) to a director for consulting services provided.
- iii) paid or accrued office management fees of \$147,000 (2022 - \$180,000) to a company owned by an officer and director for management services provided.
- iv) recorded share-based compensation of \$41,440 (2021 - \$165,970) related to options granted to officers and directors of the Company.

During the year ended June 30, 2023, the Company received a non-interest-bearing loan of \$5,000 from a company controlled by key management personnel. As of June 30, 2023, the amount owed to a company controlled by key management personnel is \$5,000 (2022 - \$Nil).

## 12 Segmented information

The Company's primary business is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	\$	\$
<b>Exploration and evaluation assets</b>		
Canada	392,880	4,141,080
United States	-	1,208,511
	392,880	5,349,591

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### 13 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity (deficit), as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

### 14 Income taxes

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

	June 30, 2023	June 30, 2022
Loss for the year	\$ (6,097,358)	\$ (886,546)
Expected income tax recovery	\$ (1,646,000)	\$ (343,000)
Change in statutory, foreign tax, foreign exchange rates and other	(2,000)	3,000
Permanent differences	31,000	92,000
Impact of flow through share	20,000	-
Share issue costs	(7,000)	(17,000)
Adjustment to prior year versus statutory tax returns and expiry of non-capital losses	4,000	-
Change in unrecognized deductible temporary differences	1,600,000	167,000
Total income tax expenses (recovery)	\$ -	\$ -

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

	June 30, 2023	June 30, 2022
<i>Deferred tax assets (liabilities)</i>		
Exploration and evaluation assets	\$ 2,891,000	\$ 1,458,800
Property and equipment	1,000	1,200
Share issue costs	16,000	26,000
Allowable capital losses and other	49,000	49,000
Non-capital losses available for future periods	2,213,000	2,035,000
	5,170,000	3,570,000
Unrecognized deferred tax assets	(5,170,000)	(3,570,000)
Net deferred tax assets	\$ -	\$ -

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## 14 Income taxes (cont'd)

	June 30, 2023	Expiry Date Range	June 30, 2022	Expiry Date Range
<i>Temporary differences</i>				
Exploration and evaluation assets	\$ 10,705,000	No expiry date	\$ 5,401,000	No expiry date
Property and equipment	6,000	No expiry date	6,000	No expiry date
Share issue costs	57,000	2044 to 2047	98,000	2042 to 2046
Allowable capital losses and other	181,000	No expiry date	181,000	No expiry date
Non-capital losses available for future	8,195,000	2030 to 2043	7,539,000	2030 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

## 15 Subsequent events

Subsequent to June 30, 2023, the Company:

- i) entered into an option agreement to acquire a 100% interest in the KA Property located in Ontario, Canada, in consideration of the following:
  - i) issue 125,000 common shares or issue 80,000 common shares and pay \$10,000 cash upon execution of the agreement (125,000 common shares subsequently issued).
  - ii) issue 140,000 common shares or issue 90,000 common shares and pay \$15,000 cash on or before July 18, 2024.
  - iii) issue 150,000 common shares and pay \$25,000 cash on or before July 18, 2025.
  - iv) issue 200,000 common shares and pay \$50,000 cash on or before July 18 2026.
  - v) issue 200,000 common shares and pay \$50,000 cash on or before July 18, 2027.

The Company will also be required to make advance royalty payments of \$20,000 due annually upon the earlier of the completion of a NI 43-101 compliant resource estimate on the property or the fifth anniversary of the execution date (August 10, 2028), up to the tenth anniversary of the execution date (August 10, 2033).

A 2% NSR will be granted to the vendors with 1% purchasable by the Company for \$250,000. The Company have the right of first refusal on purchasing the remaining 1% of the NSR from the vendors.

## **15 Subsequent events (cont'd)**

- ii) closed a non-brokered private placement of 3,756,667 critical minerals flow-through units at \$0.06 per unit for total gross proceeds of \$225,400. Each flow-through unit is comprised of one common share and one-half common share purchase warrant of the Company. Each full warrant will entitle the holder to purchase one share at an exercise price of \$0.10 until October 25, 2025.

Concurrently, the Company closed a non-brokered private placement of 1,830,000 non-flow-through units at \$0.05 per unit for total gross proceeds of \$91,500. Each non-flow-through unit is comprised of one common share and one common share purchase warrant of the Company. Each full warrant will entitle the holder to purchase one share at an exercise price of \$0.10 until October 25, 2025.

In connection with the financing, the Company also paid \$7,320 and granted 134,400 broker warrants exercisable at \$0.10 until October 25, 2024 as share issuance costs.