

ICONIC MINERALS LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Iconic Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Iconic Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (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 August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 states that as at August 31, 2023, the Company had working capital of \$1,629,206 and the Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately the discovery of proven reserves and generating profitable operations. As stated in Note 1, these events and conditions indicate 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 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 matters described below to be the key audit matters to be communicated in our auditor's report.

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

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$1,270,767 as of August 31, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is 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, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with option agreements.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Evaluating, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Disposition of Bonnie Claire property

As described in Note 6 to the consolidated financial statements, the Company entered into a plan of arrangement (the "Disposition") to sell its remaining 50% interest in the Bonnie Claire property to a third party, which resulted in a gain on disposition of \$18,624,214. Consideration for the Bonnie Claire property included common shares and share purchase warrants of the third party, in addition to a cash structuring fee. Concurrent to the disposition of the Bonnie Claire property interest, the Company conducted a return of capital to shareholders of \$18,969,781, utilizing proceeds from the disposal of the Bonnie Claire property.

The principal considerations for our determination that the Disposition is a key audit matter is that there was complexity in evaluating the structure of the Disposition including potential tax consequences, and judgement exercised in estimating the fair value of proceeds, in particular the fair value of warrants received as consideration. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the aforementioned matters.

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, among others:

- Obtaining and reviewing agreements related to the Disposition of the Bonnie Claire property.
- Evaluating the fair value of consideration received, including share purchase warrants valued using the Black-Scholes option pricing model.
- Recalculated the gain on the Disposition and return of capital to shareholders.
- Considered tax consequences of the Disposition and return of capital.

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:

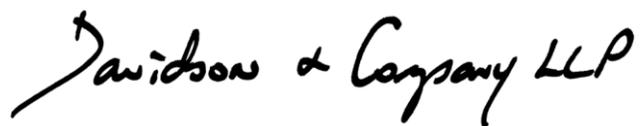
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

December 29, 2023

Iconic Minerals Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	August 31, 2023 -\$-	August 31, 2022 -\$-
ASSETS		
Current assets		
Cash	319,361	52,541
Restricted cash (Note 3)	-	3,702,014
Prepaid expenses and deposits (Note 8)	203,227	112,616
Receivables (Note 4)	381,677	16,182
Investments (Note 5)	2,088,539	84,845
	2,992,804	3,968,198
Non-current assets		
Exploration advances (Note 6)	-	326,003
Exploration and evaluation assets (Note 6)	1,270,767	4,717,108
TOTAL ASSETS	4,263,571	9,011,309
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 7 and 8)	1,363,598	2,036,314
Advances from operating partners (Note 6)	-	3,702,014
Current portion of long-term liabilities (Note 9)	-	150,000
	1,363,598	5,888,328
Long-term liabilities (Note 9)	-	1,504,634
Rehabilitation obligation (Note 6)	27,099	52,160
TOTAL LIABILITIES	1,390,697	7,445,122
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	28,514,804	45,718,213
Reserves (Note 10)	5,560,293	4,996,100
Performance shares issuable (Note 6)	251,607	259,256
Subscription receivable (Note 10)	-	(375,000)
Deficit	(31,453,830)	(49,032,382)
TOTAL SHAREHOLDERS' EQUITY	2,872,874	1,566,187
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,263,571	9,011,309

Nature of Operations and Going Concern (Note 1)

Subsequent event (Note 15)

Approved by the Directors:

"Jurgen Wolf"

"Richard Kern"

See accompanying notes to the consolidated financial statements

Iconic Minerals Ltd.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year Ended August 31,	
	2023	2022
	-\$-	-\$-
EXPENSES		
Business development (Note 8)	361,411	230,948
Consulting (Note 8)	301,856	118,190
Foreign exchange loss	63,965	51,804
Interest expense (Note 9)	34,607	82,697
Management fees (Note 8)	103,233	54,550
Office administration (Note 8)	171,042	156,407
Professional fees	440,895	208,502
Shareholder communications	42,993	67,432
Share-based compensation (Notes 8 and 10)	564,193	-
Transfer agent and regulatory fees	100,837	47,464
Operating loss	(2,185,032)	(1,017,994)
Management fee income (Note 6)	215,147	124,838
Structuring fee (Note 6)	497,282	-
Impairment of exploration and evaluation assets (Note 6)	(18,228)	(17,105)
Unrealized gain (loss) on investments (Note 5)	(114,312)	50,437
Loss on sale of investments (Note 5)	(239,950)	(303,852)
Gain on sale of previously impaired assets (Note 6)	34,517	118,084
Gain on disposal of Bonnie Claire property (Note 6)	18,624,214	-
Gain on Smith Creek property termination agreement (Note 6)	106,426	-
Gain on debt settlement (Note 10)	658,488	-
Income (loss) and comprehensive income (loss) for the year	17,578,552	(1,045,592)
Basic and diluted income (loss) per share	\$ 0.13	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	133,883,649	131,498,394

See accompanying notes to the consolidated financial statements

Iconic Minerals Ltd.

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

	Share capital		Subscription Receivable	Reserves	Performance shares issuable	Deficit	Total
	Number of shares	Amount					
Balance at August 31, 2021	129,440,778	\$ 45,209,338	-	\$ 5,009,225	\$ 233,647	\$ (47,986,790)	\$ 2,465,420
Warrants exercised	3,305,000	508,875	(375,000)	(13,125)	-	-	120,750
Performance shares issuable	-	-	-	-	25,609	-	25,609
Loss for the year	-	-	-	-	-	(1,045,592)	(1,045,592)
Balance at August 31, 2022	132,745,778	\$ 45,718,213	\$ (375,000)	\$ 4,996,100	\$ 259,256	\$ (49,032,382)	\$ 1,566,187
Debts settlements	17,263,273	2,157,910	-	-	-	-	2,157,910
Share issue costs	-	(16,538)	-	-	-	-	(16,538)
Shares cancelled	(2,500,000)	(375,000)	375,000	-	-	-	-
Share-based compensation	-	-	-	564,193	-	-	564,193
Performance shares issuable	-	-	-	-	(7,649)	-	(7,649)
Return of capital	-	(18,969,781)	-	-	-	-	(18,969,781)
Income for the year	-	-	-	-	-	17,578,552	17,578,552
Balance at August 31, 2023	147,509,051	\$ 28,514,804	\$ -	\$ 5,560,293	\$ 251,607	\$ (31,453,830)	\$ 2,872,874

See accompanying notes to the consolidated financial statements

Iconic Minerals Ltd.

Consolidated Statements of Cash Flows (Expressed in Canadian dollars)

	Year Ended August 31,	
	2023	2022
	-\$-	-\$-
OPERATING ACTIVITIES		
Income (loss) for the year	17,578,552	(1,045,592)
Adjustments for non-cash items:		
Interest expense accreted	34,607	82,697
Impairment of exploration and evaluation assets	18,228	17,105
Foreign exchange loss (gain)	(60,899)	(169,925)
Loss on sale of marketable securities	239,950	303,852
Unrealized gain on marketable securities	114,312	(50,437)
Gain on disposal of Hercules property	(34,517)	(118,084)
Gain on disposal of Bonnie Claire property	(18,624,214)	-
Gain on debt settlement	(658,488)	-
Share-based compensation	564,193	-
Net change in non-cash working capital accounts:		
Advance from operating partner	(3,702,014)	2,568,951
Prepaid expenses	(22,863)	(104,944)
Receivables	(30,305)	2,517
Accounts payable and accrued liabilities	1,262,563	215,818
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,320,895)	1,701,958
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures and advances	(5,130,055)	(2,744,773)
Recoveries of exploration and evaluation expenditures	4,302,920	2,498,771
Net proceeds from sale of marketable securities	666,985	71,299
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(160,150)	(174,703)
FINANCING ACTIVITIES		
Shares issued for warrants exercised	-	120,750
Share issue costs	(16,537)	-
Repayment of long-term debt	-	(436,933)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(16,537)	(316,183)
Effect of foreign exchange on cash	62,388	171,640
Increase (decrease) in cash in the year	(3,435,194)	1,382,712
Cash, beginning	3,754,555	2,371,843
CASH AND RESTRICTED CASH, ENDING	319,361	3,754,555

Cash paid for interest and taxes \$nil (2022 - \$nil) during the year ended August 31, 2023.

The significant non-cash transactions during the years presented include:

	August 31,	August 31,
	2023	2022
	-\$-	-\$-
Accounts payable related to exploration and evaluation assets	538,305	1,345,751
Exploration advances applied	258,255	-
Bond receivable on disposal	335,191	-
Performance shares issuable for exploration and evaluation assets	(7,649)	25,609
Allocation of debt from long term to current	-	110,000
Debt settlement	2,157,910	-
Fair value of warrants allocated to share capital	-	13,125
Subscription receivable	-	375,000
Return of capital	18,969,781	-

See accompanying notes to the consolidated financial statements

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended August 31, 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Iconic Minerals Ltd. (“Company”) is engaged in the acquisition and exploration of exploration and evaluation assets. The Company was incorporated under the laws of British Columbia on September 14, 1979. The Company’s head office and principal place of business is located at 303 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At August 31, 2023, the Company had working capital of \$1,629,206 (2022 - \$1,920,130 deficit) and the Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon the discovery of proven reserves and generating profitable operations. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether any of these properties contain reserves that are economically recoverable. The recoverability of amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves. The Company’s future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company’s operating losses and working capital deficiency will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These consolidated financial statements are 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 have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements were authorized for issued on December 29, 2023 by the directors of the Company.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Bonaventure Nevada Inc. ("Bonaventure") incorporated in the State of Nevada, USA and its wholly-owned subsidiary Goldnev Exploration Ltd. ("Goldnev") incorporated in British Columbia, Canada. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiaries, unless denominated otherwise.

Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Recoveries on mineral properties are recorded against the related property cost as amounts are received, with any net excess recorded to profit or loss.

Joint venture participation and accounting

From time to time the Company enters into agreements that provide for specified percentage interests in exploration and evaluation asset rights to be allocated to joint venture participants in exchange for funding or joint funding of exploration programs.

Where agreements specify the Company as the operator and where controlling interest of the exploration program remains with the Company, such arrangements are considered to be participation funding and not considered to be joint ventures. Funds provided by partners in advance of expenditure are classified as restricted cash.

Tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or development work conducted on any of its exploration and evaluation assets are credited as a reduction to the carrying costs of the exploration and evaluation assets to which the credits relate. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Future site restoration costs

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of its exploration and evaluation 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 arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the decommission liability 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 related assets.

The Company's estimates of decommissioning costs could change as a result of changes in regulatory requirements, discount rates 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 at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit or loss.

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash, restricted cash and receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and marketable securities are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Financial instruments (cont'd...)

Impairment (cont'd)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities and long-term liabilities (including current portion) are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

Income (loss) per share

The Company computes income (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic income (loss) per share figures is calculated using the weighted average number of shares outstanding during the respective years. Diluted income (loss) per share is computed by dividing net income (loss) by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of in the money stock options, restricted share units, or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, rehabilitation obligation, fair value measurements for long term liabilities and other equity-based payments, including performance shares issuable. Actual results may differ from those estimates and judgments.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Significant accounting judgments, estimates and assumptions (cont'd...)

Rehabilitation obligation

The Company has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

Long term debt

The Company has non-interest-bearing long-term debt as described in Note 9. The Company has recorded an estimate of the current value of such debt expected to be repaid over 25 years. Assumptions and estimates are made in relation to the expected amounts to be repaid in future years, and the expected timing of those repayments. Such estimates are revised based on market conditions.

Valuation of Exploration and Evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. Property under lease has attributes of an option agreement and accordingly the Company capitalizes annual lease payments and exploration and evaluation costs required under the lease agreement.

Share-based compensation

The Company grants stock options to directors, officers and consultants. All share-based awards are measured and recognized using a fair value-based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. The vesting of share-based payments is subject to estimation uncertainty.

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

Performance shares issuable is calculated based on the fair value of the equity instruments effected for estimated forfeiture rates on performance benchmarks and is recorded as benchmarks are achieved.

Deferred income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Deferred income taxes (cont'd)

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither the accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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 taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currency translation

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, *The Effect of Changes in Foreign Exchange Rates*.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
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For the year ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Related party transactions

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 operation decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resource or obligations between related parties.

New Standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2023 and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2024

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settle within one year) or non-current.

The Company will adopt this amendment in the future financial statements, but is not expected to have a material impact.

3. RESTRICTED CASH

At August 31, 2023, the Company classified \$nil (2022 - \$3,702,014) as restricted cash. This amount is from joint operating partners for exploration (Note 6). Partner advances expected to be used within the following 12 months are included with current assets.

4. RECEIVABLES

The components of receivables are as follows:

	August 31, 2023	August 31, 2022
	-\$ -	-\$ -
Due from government agencies	46,486	16,182
Refundable reclamation bond (Note 6)	335,191	-
	381,677	16,182

Iconic Minerals Ltd.

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5. INVESTMENTS

Investments consist of shares and warrants of publicly listed companies. The Company has the following investments at fair value as of August 31, 2023 and 2022:

	August 31, 2023		August 31, 2022	
	Number of Shares	Fair value \$	Number of Shares	Fair value \$
St-Georges Eco-Mining Corp.	15,000	1,500	265,000	54,325
Elevation Gold Mining Corporation	181,667	19,075	218,000	30,520
Nevada Lithium Resources Ltd.	4,577,799	1,304,673	-	-
Nevada Lithium Resources Ltd.	4,000,000 warrants	763,291	-	-
		2,088,539		84,845

The fair values of the warrants were based on the following assumptions: share price at year ended August 31, 2023 of \$0.285; exercise price of \$0.20; expected life of 1.86 years; expected volatility of 119%; risk free interest rate of 4.64%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

During the year ended August 31, 2023, the Company recognized a loss of \$239,950 (2022 - \$303,852) upon the sale of certain shares, an unrealized gain on securities held of \$5,062 (2022 - \$50,437), and an unrealized loss on warrants held of \$119,374 (2022 - \$nil).

6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

NEVADA, USA PROPERTIES

The following table summarizes the consolidated schedule of exploration and evaluation assets:

	New Pass	Midas South	Bonnie Claire	Smith Creek	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
Beginning balance September 1, 2021	156,118	1	3,679,785	512,701	4,348,605
Claims renewals and reclamation bonds	16,180	15,908	223,689	138,393	394,170
Consulting geological	-	-	175,152	9,082	184,234
Drilling, geophysical and assay	1,197	1,197	1,677,890	157,741	1,838,025
Exploration expenditure, extraction technology	-	-	25,609	-	25,609
Fieldwork	-	-	249,956	16,068	266,024
Site office and administration	17	-	96,645	-	96,662
Travel	-	-	75,426	4,229	79,655
	17,394	17,105	2,524,367	325,513	2,884,379
	173,512	17,106	6,204,152	838,214	7,232,984
Less:					
Impairments	-	(17,105)	-	-	(17,105)
Exploration Recoveries	-	-	(2,498,771)	-	(2,498,771)
Ending balance August 31, 2022	173,512	1	3,705,381	838,214	4,717,108

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	New Pass	Midas South	Bonnie Claire	Smith Creek	Grass Valley	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
Beginning balance September 1, 2022	173,512	1	3,705,381	838,214	-	4,717,108
Acquisition	-	-	-	1,312	239,276	240,588
Claims renewals and reclamation bonds	18,409	16,873	269,797	289,495	-	594,574
Consulting geological	-	-	237,827	264,480	-	502,307
Drilling, geophysical and assay	1,355	1,355	2,897,598	-	-	2,900,308
Exploration expenditure, extraction technology	-	-	(7,649)	-	-	(7,649)
Fieldwork	-	-	254,746	2,481	-	257,227
Site office and administration	-	-	1,052	13,153	-	14,205
Travel	-	-	62,817	8,163	-	70,980
	<u>19,764</u>	<u>18,228</u>	<u>3,716,188</u>	<u>579,084</u>	<u>239,276</u>	<u>4,572,540</u>
	193,276	18,229	7,421,569	1,417,298	239,276	9,289,648
Less:						
Impairments	-	(18,228)	-	-	-	(18,228)
Exploration recoveries	-	-	(3,723,836)	(579,084)	-	(4,302,920)
Recovery on disposal	-	-	(3,697,733)	-	-	(3,697,733)
Ending balance August 31, 2023	193,276	1	-	838,214	239,276	1,270,767

New Pass - The property consists of a 50% interest in certain unpatented mining claims located in Churchill County, Nevada.

The Company has estimated a rehabilitation obligation of \$27,099 (2022 - \$26,080) related to this property.

As at August 31, 2023, the Company has posted a bond of \$42,774 (2022 - \$6,094).

Midas South - The property consists of a 50% interest in certain unpatented mining claims located in Elko County, Nevada.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Hercules – The Company is a party to an earn in agreement, subsequently amended, with a company related by virtue of a common director, on certain claims in Lyon County, Nevada.

On August 9, 2019, the Company entered into an agreement (“Hercules Option Agreement”) with Great Basin Resources Inc., Eclipse Gold Mining Corporation (“Eclipse”) and Hercules Gold USA, LLC (“HGU”), a subsidiary of Eclipse, in respect of the Hercules property.

In consideration for the termination of the existing option and data transfer, Eclipse will:

- make a cash payment to Iconic in the sum of \$325,000 within five business days of the execution of the Hercules Option Agreement (received); and
- issue up to an aggregate of 4,000,000 common shares in the capital of Eclipse to the Company as follows:
 - 1,000,000 Eclipse shares on the date which is 10 days immediately following the date on which Eclipse’s share become listed on a public stock exchange (received February 28, 2020, valued of \$720,000), and
 - 1,000,000 Eclipse shares on each of the first, second, and third anniversary dates of the Listing Date (amending agreement on February 12, 2021).

Under the terms of the Hercules Option Agreement, Great Basin Resources Inc. has granted an option (“HGU Option”) to HGU, under which HGU must complete certain exploration expenditures over a three-year period and make cash payments to Great Basin Resources Inc. In the event that HGU fails to exercise the HGU Option in accordance with the Hercules Option Agreement, the Company may elect to receive an assignment of HGU’s rights and benefits under the Hercules Option Agreement and to assume certain of HGU’s remaining obligations under the Hercules Option Agreement as may be outstanding at such time. The term of the HGU Option is the earlier of the date of exercise of the HGU Options, the termination of the Hercules Option Agreement or 12 years from the Listing Date.

Pursuant to the Hercules Option Agreement, the Company terminated the existing option, and lease, and transferred the existing data to HGU. The Company has recorded the receipt of the \$325,000 paid by Eclipse as a recovery to the property. No value was originally assigned to the Eclipse shares as they are contingently issuable by Eclipse pursuant to the option agreement.

On February 12, 2021, the Company entered into an amending agreement with Great Basin Resources Inc., Eclipse, Hercules, and Elevation Gold Mining Corporation (“Elevation Gold”) to add Elevation Gold as a party to the agreement and to agree that rather than Eclipse issuing to the Company the remaining option shares, Elevation Gold will issue to the Company 3,270,000 pre-consolidation common shares as follows:

- a) 1,090,000 on February 28, 2021; (received on February 23, 2021 valued at \$490,500)
- b) 1,090,000 on February 28, 2022; (received 181,667 post-consolidation shares on February 28, 2022 valued at \$118,084) and
- c) 1,090,000 on February 28, 2023. (received 181,667 post-consolidation shares on February 15, 2023 valued at \$34,517)

Shares received were recorded as a gain on disposal of the Hercules property.

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Bonnie Claire Lithium - In December 2015, the Company entered into a Property Option Agreement ("Bonnie Claire Option Agreement") with a party related by virtue of a common director to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

The Company earned its 100% interest in the property by paying US \$96,500 and incurring expenditures totaling US \$1,300,000.

The Company has estimated a rehabilitation obligation of \$nil (2022 - \$26,080) related to this property. Included in receivables at August 31, 2023 was \$335,191 (2022 - \$nil) for a refundable reclamation bond pursuant to the disposal of Bonnie Claire.

In January 2018, the Company entered into an exclusive definitive licensing agreement with St-Georges Eco-Mining Corp. ("St-Georges"), a non-arm's length transaction by virtue of a common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants the Company the exclusive right to a site license within the state of Nevada, to use St-Georges' proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, St-Georges has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, the Company agreed to issue St-Georges a total of 5,000,000 common shares in stages over a 36-month period, subject to performance benchmarks. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively.

In July 2019, St-Georges completed a performance benchmark resulting in the Company issuing 2,000,000 common shares with a value of \$234,000 to St-Georges. The shares will remain in escrow for three years.

During the year ended August 31, 2023, the Company has recorded a total of \$251,607 (2022 - \$259,256) to performance shares issuable to record the fair value of the performance shares issuable should the performance benchmarks be achieved. The Company has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with St-Georges' technologies. The Company is entitled to receive 20% of royalties received by St-Georges from other operations within a specified area.

On November 30, 2020, the Company and its wholly owned subsidiary, Bonaventure entered into an option agreement ("NL Option Agreement") and subsequently amended agreement with Nevada Lithium Corp., which provides for the earn-in by Nevada Lithium Corp. of up to a 50% interest in the Bonnie Claire lithium property and the subsequent formation of a joint venture among the Company, Bonaventure, and Nevada Lithium ("NL Joint Venture").

On November 30, 2020, the Company entered into an agreement to amend the Bonnie Claire option agreement dated December 8, 2015 so as to: (i) reduce the 4.5% NSR royalty to 2.0% payable to the vendor of the Bonnie Claire option agreement, and remove the right of the Company to buy back any portion of the NSR.

Pursuant to the NL Option Agreement, Nevada Lithium Corp. may exercise the option in three stages by funding US\$5,600,000 (received) in cumulative exploration expenditures on the Bonnie Claire property. Upon the exercise of the options, Nevada Lithium has fully earned its option for an aggregate 50% ownership in the Bonnie Claire property.

Iconic Minerals Ltd.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Bonnie Claire Lithium – Disposition

On March 24, 2023, the Company and Nevada Lithium Corp. entered into a definitive arrangement agreement, whereby Nevada Lithium Corp. will acquire the remaining 50% interest in the Bonnie Claire property by way of a plan of arrangement, which was completed on July 10, 2023.

Pursuant to the completion of the arrangement, Nevada Lithium issued an aggregate of 66,912,827 common shares as consideration for the arrangement, of which 60,221,528 shares valued at \$18,969,781 were distributed to the shareholders of the Company, and 6,691,299 were received by the Company valued at \$2,107,759.

The Company recorded a net gain on disposal of \$18,624,214 being the proceeds in excess of property carrying value and refundable reclamation bond, and Nevada Lithium also paid \$497,282 to the Company for a structuring fee.

Nevada Lithium also issued an aggregate of 4,000,000 warrants to the Company at an exercise price of \$0.20 per share for two years from the closing of the arrangement. The value of the warrants was \$882,665 and included as a gain on disposal of the Bonnie Claire property. The fair value of the warrants was based on the following assumptions: share price at issue date of \$0.315; exercise price of \$0.20; expected life of 2 years; expected volatility of 118%; risk free interest rate of 4.74%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

As at August 31, 2023, the Company has \$nil (2022 - \$3,702,014) advances from operating partner, and recorded \$186,192 (2022- \$124,838) management fee income from the Bonnie Claire property during the year ended August 31, 2023.

As of August 31, 2023, the Company has advanced \$nil (2022 - \$326,003) to vendors for future exploration on the Bonnie Claire property.

Smith Creek Lithium - In October 2016, the Company entered into an option agreement with a company related by virtue of a common director to acquire a 100% interest in certain mining claims in Nevada. The Company may earn its 100% interest by: (a) reimbursing the vendor for all documented expenses, US \$40,000; (b) expending initial and annual claim filing fees and expenses estimated at US \$193,000; and (c) also expending for exploration in the first year US \$200,000, second year US \$500,000, third year US \$500,000 and fourth year US \$1,000,000, totaling US \$2,000,000. The optionor has agreed to suspend the commitments under the option until additional funding is received to advance the property.

On November 4, 2022, the Company entered into a binding term sheet with Lithium of Nevada Pty Ltd. ("Lithium of Nevada"), to grant to Lithium of Nevada the option to earn up to a 50% interest in the Company's Smith Creek lithium property.

In February 2023, the Company and Lithium of Nevada entered into a definitive property option agreement. Pursuant to the definitive agreement, Lithium of Nevada can exercise the option by making cash earn-in payments to the Company in the aggregate amount of US\$5,600,000. The earn-in payments will be used to fund work programs on the Smith Creek property during the term of the option and will be payable as follows:

- US\$1,750,000 on or before March 19, 2023 (received an aggregate amount of US\$533,333);
- US\$1,250,000 on or before May 31, 2023;
- US\$1,500,000 on or before June 30, 2023;
- US\$1,100,000 on or before September 30, 2023.

In August 2023, the option agreement was terminated when Lithium of Nevada failed to fund the first expenditure funding commitment within the time periods set out in the option agreement. During the year ended August 31, 2023, the Company recorded a gain of \$106,426 on the transaction termination.

Iconic Minerals Ltd.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

As at August 31, 2023, the Company recorded \$28,955 (2022- \$nil) management fee income from the Smith Creek property during the year ended August 31, 2023. Additionally, as at August 31, 2023, the Company has posted a reclamation bond of US\$19,209 (2022 - \$nil).

Grass Valley Lithium – on August 19, 2023, the Company signed a letter of intent with a party related by virtue of a common director to acquire 100% interest in the Grass Valley lithium property located in Lander County, Nevada.

In consideration of the option to the Company to acquire 100% interest in the property, the Company will commit to exploration expenditures of US\$200,000 in 12 months. The Grass Valley property is subject to 3% NSR. The Company has the option to reduce the NSR to 2% for a cash payment of US\$1,000,000.

During the year ended August 31, 2023, the Company paid claims fees of \$239,276 (US\$177,231).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023	August 31, 2022
	- \$ -	- \$ -
Trade payables	597,655	841,716
Amounts due to related parties (Note 8)	350,495	858,691
Accrued liabilities	415,448	335,907
	1,363,598	2,036,314

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company. During the years ended August 31, 2023 and 2022, transactions with key management were as follows:

	2023	2022
	- \$ -	- \$ -
Management fees paid or accrued to the CEO and CFO	103,233	54,550
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	78,224	141,545
Consulting fees and business development services paid or accrued to a company controlled by the corporate manager	201,500	48,000
Consulting fees to a company controlled by director	61,500	48,000
Fees paid or accrued to a company controlled by the corporate manager for office administration and accounting	150,000	150,000
Fees paid or accrued to a company controlled by the corporate manager for business development	180,000	180,000
Share-based compensation	416,092	-
Total	1,190,549	622,095

The amounts due to key management personnel as at August 31, 2023 and 2022 were as follows:

	2023	2022
	- \$ -	- \$ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	144,183	27,226
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO.	206,312	831,465
Total	350,495	858,691

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements
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8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the year ended August 31, 2023, the Company issued 3,802,017 common shares at a fair value of \$475,252 to settle an aggregate of \$684,857 of indebtedness owed to a director and a company controlled by the director (Note 10).

As at August 31, 2023, \$18,576 (2022 - \$16,735) was prepaid to the corporate manager, and \$103,325 (2022 - \$65,000) advanced to the company controlled by the corporate manager.

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the year ended August 31, 2023 and 2022, were as follows:

	2023	2022
	- \$ -	- \$ -
Short-term employee benefits – management, administrative, and consulting fees	366,233	150,550
Share-based compensation	416,092	-

9. LONG-TERM LIABILITIES

Pursuant to debt settlements reached with certain creditors during fiscal 2010, the Company agreed to repay their debts pro-rata at an aggregate amount of ten percent from the gross proceeds of future share financings plus twenty percent of any warrants exercised. The debts are unsecured and non-interest bearing.

The total amount of debt subject to the agreements was \$3,613,433. The amount expected to be repaid within the upcoming twelve months has been estimated at \$nil (2022 - \$150,000). During the year ended August 31, 2023, the Company recorded an interest expense related to accretion of \$34,607 (2022 - \$82,697). The carrying value of the debt is \$nil (2022 - \$1,654,634) and principal amount undiscounted is \$2,000,000.

On March 15, 2023, the Company entered into a debt settlement agreement for the remaining undiscounted principal of \$2,000,000 long-term debt by the issuance of 11,001,100 shares of the Company at a fair value of \$1,375,138 (Note 10).

10. SHARE CAPITAL AND RESERVES

2022 Transactions

During the year ended August 31, 2022, the Company issued 3,305,000 common shares for \$495,750 for the exercise of warrants, of which \$375,000 was receivable at August 31, 2022.

2023 Transactions

On December 12, 2022, 2,500,000 common shares were cancelled due to incomplete transfer of funds for warrants exercise included as subscription receivable as at August 31, 2022.

On June 30, 2023, the Company issued a total of 17,263,273 common shares at a fair value of \$2,157,910 to settle \$3,127,157 outstanding debt resulting in a gain on settlement of \$658,488 (Note 8 and 9).

Stock options

The Company's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

Iconic Minerals Ltd.

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10. SHARE CAPITAL AND RESERVES (cont'd...)

Share-based payment

On September 7, 2022, a total of 8,000,000 stock options were granted to purchase common shares. exercisable on or before September 7, 2025, at an exercise price of \$0.11 per share. The estimated grant date fair value of these options was \$564,193.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.11; expected life of 3 years; expected volatility of 121%; risk free interest rate of 3.57%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

	August 31, 2023		August 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	10,250,000	\$ 0.15	10,250,000	\$ 0.15
Options granted	8,000,000	0.11	-	-
Options expired	(10,250,000)	0.15	-	-
Options outstanding, end of the year	8,000,000	\$ 0.11	10,250,000	\$ 0.15
Options exercisable, end of the year	8,000,000	\$ 0.11	10,250,000	\$ 0.15

On September 2, 2022, 7,250,000 stock options expired unexercised.

On February 4, 2023, 3,000,000 stock options expired unexercised.

In connection to an exclusive definitive licensing agreement with St-Georges (Note 6), as of August 31, 2023, the Company has recorded the cumulative fair value of performance shares issuable as \$251,607 (2022 - \$259,256) based on meeting certain future performance benchmarks.

Warrants

Details of the Company's warrants are as follows:

	Number of Warrants	Weighted Average Prices	Weighted Average Remaining Life
Balance, August 31, 2021	8,605,000	\$ 0.13	0.58 year
Warrants exercised	(3,305,000)	0.15	
Warrants expired	(5,300,000)	0.12	
Balance, August 31, 2022 and 2023	-	-	-

11. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of properties.

Geographic information is as follows:

Exploration and evaluation assets	United States - \$ -
At August 31, 2022	4,717,108
At August 31, 2023	1,270,767

Iconic Minerals Ltd.

Notes to the Consolidated Financial Statements

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12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. 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 the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. There are no externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The fair value of investments (shares) are measured using level 1 of the fair value hierarchy. Investments (warrants) are measured using level 2 of the fair value hierarchy. The carrying values of cash, restricted cash, receivables, accounts payable and accrued liabilities approximate fair values because of the short-term nature of these instruments.

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 either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of long-term debt differed from the fair value which was estimated based on discounted future cash flows using the Company's estimated risk-free rate of interest.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash and restricted cash are invested in established Canadian and US banking and federal institutions and collection of receivables is primarily due from government agencies.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by endeavoring to maintain sufficient cash to meet its anticipated operational needs. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short term and long-term obligations. At August 31, 2023, the Company had a working capital of \$1,629,206 (2022 - \$1,920,130 deficit) and is seeking additional financing.

Iconic Minerals Ltd.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Currency risk

The Company operates in Canada and the United States. At August 31, 2023, the Company had foreign exchange risk with respect to US accounts payable of CAD \$974,231. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$9,742 for the year ended August 31, 2023.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal risk as it does not carry interest bearing debt.

Commodity price risk

The ability of the Company to find and explore exploration and evaluation assets and the future profitability of the Company are directly related to the market price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Risk management

The Company conducts business in Canada and the United States giving rise to exposure to market risks from changes in foreign currency rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations. The Company is not exposed to significant credit concentration risk or interest rate risk.

14. DEFERRED INCOME TAXES

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

	2023	2022
	- \$ -	- \$ -
Income (loss) for the year	17,578,552	(1,045,592)
Expected income tax (recovery)	4,746,000	(282,000)
Change in statutory, foreign tax, foreign exchange rates and other	84,000	(104,000)
Permanent differences	(2,810,000)	46,000
Share issue cost	(4,000)	-
Change in unrecognized deductible temporary differences	(2,016,000)	340,000
Total income tax expenses (recovery)	-	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
	- \$ -	- \$ -
Deferred tax assets(liabilities)		
Debt with accretion	-	(93,000)
Investments	(82,000)	-
Non-capital losses	82,000	93,000
Net deferred tax liability	-	-

Iconic Minerals Ltd.

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14. DEFERRED INCOME TAXES (cont'd...)

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

	2023	2022
	- \$ -	- \$ -
Deferred tax assets (liabilities)		
Exploration and evaluation assets	3,089,000	2,402,000
Share issue costs	8,000	7,000
Investments	-	21,000
Asset retirement obligation	6,000	11,000
Allowable capital losses	-	106,000
Non-Capital losses available for future period	2,475,000	5,047,000
	5,578,000	7,594,000
Unrecognized deferred tax assets	(5,578,000)	(7,594,000)
Net deferred tax liability	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	2023	Expiry Date	2022	Expiry Date
	- \$ -	Range	- \$ -	Range
Exploration and evaluation assets	11,678,000	No expiry date	8,404,000	No expiry date
Investment tax credit	3,000	2030	3,000	2030
Share issue costs	29,000	2024 to 2027	25,000	2023 to 2025
Marketable securities	-	No expiry date	158,000	No expiry date
Asset retirement obligation	27,000	No expiry date	52,000	No expiry date
Allowable capital losses	-	No expiry date	391,000	No expiry date
Non-capital losses available for future periods	10,711,000	2038 to 2043	20,891,000	2038 to 2043
Canada	2,377,000	2038 to 2043	11,347,000	2026 to 2042
USA	8,334,000	Indefinite	9,889,000	Indefinite

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

15. SUBSEQUENT EVENT

On November 7, 2023, the Company amended an aggregate of 8,000,000 incentive stock options previously granted on September 7, 2022 to reduce the exercise price to \$0.05 per share from \$0.11.