



**Consolidated Financial Statements of
Magna Terra Minerals Inc.**

**For the years ended
August 31, 2022 and August 31, 2021
(Expressed in Canadian Dollars)**

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Magna Terra Minerals Inc. (the "Company" or "Magna Terra") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the reporting date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statements of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The consolidated financial statements have been audited by McGovern Hurley LLP. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this 22nd day of December, 2022.

MAGNA TERRA MINERALS INC.

Per: (signed) "Lew Lawrick"
Name: Lew Lawrick
Title: President & Chief Executive Officer

Per: (signed) "Bill Francis"
Name: Bill Francis
Title: Chief Financial Officer

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Magna Terra Minerals Inc.

Opinion

We have audited the consolidated financial statements of Magna Terra Minerals Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022, August 31, 2021 and September 1, 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity (deficiency) for the years ended August 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2022, August 31, 2021 and September 1, 2020 and its consolidated financial performance and its consolidated cash flows for the years ended August 31, 2022 and 2021 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended August 31, 2022 and, as of that date, the Company had limited working capital. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and 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 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 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 judgement 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
December 22, 2022

Magna Terra Minerals Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	August 31, 2022	August 31, 2021 (note 3)	September 1, 2020 (note 3)
	\$	\$	\$
ASSETS			
Current			
Cash	107,898	94,954	3,625,681
Restricted cash (note 10)	342,225	-	-
Other receivables	99,030	211,387	63,500
Short-term investments (note 8)	55,500	124,875	186,375
Prepaid expenses	94,028	53,261	20,160
Total current assets	698,681	484,477	3,895,716
Total assets	698,681	484,477	3,895,716
LIABILITIES			
Current			
Trade and other payables (note 9)	375,420	355,284	954,756
Flow-through premium (note 10)	134,403	149,598	866,140
Due to related parties (note 12)	148,172	319,072	27,641
Total current liabilities	657,995	823,954	1,848,537
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital, warrants, share based compensation (note 10)	13,906,320	13,307,261	12,828,188
Deficit	(13,865,634)	(13,646,738)	(10,781,009)
Total shareholders' equity (deficiency)	40,686	(339,477)	2,047,179
Total liabilities and shareholders' equity (deficiency)	698,681	484,477	3,895,716

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

Nature of operations and going concern (notes 1 and 2)

Commitments and contingencies (note 17)

Subsequent events (note 18)

Approved by the Board of Directors on December 22, 2022

"Lew Lawrick"

Director

"Patricia Kajda"

Director

Magna Terra Minerals Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

For the years ended	August 31, 2022	August 31, 2021 (note 3)
	\$	\$
Expenses		
Exploration expenditures (note 7)	972,338	2,621,046
Management fees	228,500	257,308
General and administrative (note 11)	237,532	235,351
Professional fees	166,318	104,624
Deferred premium on flow-through shares (note 10)	(184,365)	(716,542)
Share based compensation (note 10)	24,417	399,949
Other income	(3,875)	(4,409)
Foreign exchange gain	(10,362)	(41,978)
Loss on short-term investments (note 8)	69,375	111,500
Net loss and comprehensive loss for the year	(1,499,878)	(2,966,849)
Net loss per share - basic and diluted	(0.03)	(0.06)
Weighted average number of shares outstanding basic and diluted	58,852,051	46,517,851

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

Magna Terra Minerals Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended	August 31, 2022	August 31, 2021 (note 3)
	\$	\$
Operating activities		
Net loss for the year	(1,499,878)	(2,966,849)
Adjustment for non-cash items:		
Common shares and warrants issued for option payments/acquisitions	52,222	98,219
Deferred premium on flow-through shares (note 10)	(184,365)	(716,542)
Loss on short-term investments (note 8)	69,375	111,500
Share based compensation (note 10)	24,417	399,949
Other income	-	(50,000)
Net change in non-cash working capital balances related to operating activities:		
Other receivables	112,357	(147,887)
Prepaid expenses	(23,113)	(33,101)
Trade and other payables	20,137	(517,447)
Due to related parties	(170,900)	291,431
Net cash used in operating activities	(1,599,748)	(3,530,727)
Investing activities		
Restricted cash	(342,225)	-
Net cash used in investing activities	(342,225)	-
Financing activities		
Issuance of common shares and warrants	2,058,000	-
Share issuance costs	(85,429)	-
Repayment of loans	(17,654)	-
Net cash provided from financing activities	1,954,917	-
Net increase (decrease) in cash	12,944	(3,530,727)
Cash, beginning of the year	94,954	3,625,681
Cash, end of the year	107,898	94,954
Supplemental cash flow information:		
Finder warrants issued	19,966	-
Insurance premiums financed through loans	17,654	-
Common shares issued for the settlement of debt	-	82,025

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

Magna Terra Minerals Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars, except share information)

	Share capital		Warrants	Share based compensation	Sub-total	Deficit (note 3)	Total
	#	\$	\$	\$	\$	\$	\$
Balance, August 31, 2020	46,066,964	11,358,306	1,034,122	435,760	12,828,188	(10,781,009)	2,047,179
Common shares issued for exploration and evaluation projects	547,636	91,870	-	-	91,870	-	91,870
Common shares issued for the settlement of debt	410,125	82,025	-	-	82,025	-	82,025
Share based compensation	-	-	-	399,949	399,949	-	399,949
Warrants issued for exploration and evaluation projects	-	-	6,349	-	6,349	-	6,349
Expiry of warrants transferred to deficit	-	-	(101,120)	-	(101,120)	101,120	-
Net loss for the year	-	-	-	-	-	(2,966,849)	(2,966,849)
Balance, August 31, 2021	47,024,725	11,532,201	939,351	835,709	13,307,261	(13,646,738)	(339,477)
Units issued for cash	18,800,000	2,058,000	-	-	2,058,000	-	2,058,000
Share issuance costs	-	(424,901)	339,472	-	(85,429)	-	(85,429)
Flow-through share premium	-	(169,169)	-	-	(169,169)	-	(169,169)
Common shares issued for exploration and evaluation projects	379,630	46,342	-	-	46,342	-	46,342
Warrants issued for exploration and evaluation projects	-	-	5,880	-	5,880	-	5,880
Share based compensation	-	-	-	24,417	24,417	-	24,417
Expiry of options transferred to deficit	-	-	-	(347,980)	(347,980)	347,980	-
Expiry of warrants transferred to deficit	-	-	(933,002)	-	(933,002)	933,002	-
Net loss for the year	-	-	-	-	-	(1,499,878)	(1,499,878)
Balance, August 31, 2022	66,204,355	13,042,473	351,701	512,146	13,906,320	(13,865,634)	40,686

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

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Magna Terra Minerals Inc. (“Magna Terra” or the “Company”) is incorporated under the *Canada Business Corporations Act* and is involved in the acquisition and exploration of mining properties in Canada and Argentina. Substantially all of the Company’s efforts are devoted to financing and developing these properties.

The Company’s common shares are listed on the TSX Venture Exchange under the symbol “MTT”. The address of the Company and its registered office is located at 20 Adelaide Street East, Suite 915, Toronto, Ontario, M5C 2T6.

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”). The accounting policies applied in these consolidated financial statements are presented in note 4 and have been applied consistently to all periods presented unless otherwise noted.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value. Certain prior year amounts have been reclassified to conform to account presentation adopted in the current year.

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates, and also requires management to exercise judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement and/or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

These consolidated financial statements were approved by the Company’s Board of Directors on December 22, 2022.

Principles of consolidation

These consolidated financial statements comprise the financial statements of Magna Terra Minerals Inc. and its wholly-owned subsidiaries 2647102 Ontario Inc. (Canada), Atala Resources Corporation (Canada), and Atala Resources Argentina S.A. (“Atala”) (Argentina). All inter-company transactions and balances are eliminated on consolidation.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these consolidated financial statements.

For the year ended August 31, 2022, the Company had a net loss of \$1,499,878 (for the year ended August 31, 2021 – \$2,966,849), had a cash flow deficiency from operations of \$1,599,748 (for the year ended August 31, 2021 – \$3,530,727), and as at August 31, 2022, had an accumulated deficit of \$13,865,634 (August 31, 2021 – \$13,646,738) and working capital (current assets less current liabilities) of \$40,686 (August 31, 2021 – working capital deficit of \$339,477).

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

To date there has been no determination whether the Company's interests in its exploration and evaluation projects contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

3. CHANGE IN ACCOUNTING POLICY

During the year ended August 31, 2022, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The consolidated financial statements for the year ended August 31, 2021 have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's consolidated financial statements as at August 31, 2021 and September 1, 2020 and for the year ended August 31, 2021.

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

Consolidated Statement of Financial Position as at August 31, 2021

	As previously reported \$	Adjustment \$	Restated \$
ASSETS			
Current			
Cash	94,954	-	94,954
Other receivables	211,387	-	211,387
Short-term investments	124,875	-	124,875
Assets held for sale	31,850	(31,850)	-
Prepaid expenses	53,261	-	53,261
Total current assets	516,327	(31,850)	484,477
Non-current			
Exploration and evaluation assets	9,349,526	(9,349,526)	-
Total assets	9,865,853	(9,381,376)	484,477
LIABILITIES			
Current			
Trade and other payables	355,284	-	355,284
Flow-through premium	149,598	-	149,598
Due to related parties	319,072	-	319,072
Total current liabilities	823,954	-	823,954
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital, warrants, share based compensation	13,307,261	-	13,307,261
Deficit	(4,265,362)	(9,381,376)	(13,646,738)
Total shareholders' equity (deficiency)	9,041,899	(9,381,376)	(339,477)
Total liabilities and shareholders' equity (deficiency)	9,865,853	(9,381,376)	484,477

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

Consolidated Statement of Financial Position as at September 1, 2020

	As previously reported \$	Adjustment \$	Restated \$
ASSETS			
Current			
Cash	3,625,681	-	3,625,681
Other receivables	63,500	-	63,500
Short-term investments	186,375	-	186,375
Prepaid expenses	20,160	-	20,160
Total current assets	3,895,716	-	3,895,716
Non-current			
Exploration and evaluation assets	6,682,712	(6,682,712)	-
Total assets	10,578,428	(6,682,712)	3,895,716
LIABILITIES			
Current			
Trade and other payables	954,756	-	954,756
Flow-through premium	866,140	-	866,140
Due to related parties	27,641	-	27,641
Total current liabilities	1,848,537	-	1,848,537
SHAREHOLDERS' EQUITY			
Share capital, warrants, share based compensation	12,828,188	-	12,828,188
Deficit	(4,098,297)	(6,682,712)	(10,781,009)
Total shareholders' equity	8,729,891	(6,682,712)	2,047,179
Total liabilities and shareholders' equity	10,578,428	(6,682,712)	3,895,716

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

Consolidated Statement of Operations and Comprehensive Loss for the year ended August 31, 2021

	As previously reported \$	Adjustment \$	Restated \$
Expenses			
Exploration expenditures	-	2,621,046	2,621,046
Management fees	257,308	-	257,308
General and administrative	235,351	-	235,351
Professional fees	104,624	-	104,624
Deferred premium on flow-through shares	(716,542)	-	(716,542)
Share based compensation	399,949	-	399,949
Other income	(85,768)	81,359	(4,409)
Foreign exchange gain	(41,978)	-	(41,978)
Loss on short-term investments	111,500	-	111,500
Write-down of exploration and evaluation assets	3,741	(3,741)	-
Net loss and comprehensive loss for the year	(268,185)	(2,698,664)	(2,966,849)
Net loss per share - basic and diluted	(0.01)		(0.06)
Weighted average number of shares outstanding basic and diluted	46,517,851		46,517,851

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

Consolidated Statement of Cash Flows for the year ended August 31, 2021

	As previously reported \$	Adjustment \$	Restated \$
Operating activities			
Net loss for the year	(268,185)	(2,698,664)	(2,966,849)
Adjustment for non-cash items:			
Common shares and warrants issued for option payments/acquisitions	-	98,219	98,219
Deferred premium on flow-through shares	(716,542)	-	(716,542)
Loss on short-term investments	111,500	-	111,500
Share based compensation	399,949	-	399,949
Other income	(50,000)	-	(50,000)
Write-down of exploration and evaluation assets	(3,741)	3,741	-
Net change in non-cash working capital balances related to operating activities:			
Other receivables	(147,887)	-	(147,887)
Prepaid expenses	(33,101)	-	(33,101)
Trade and other payables	(906,293)	388,846	(517,447)
Due to related parties	291,431	-	291,431
Net cash used in operating activities	(1,322,869)	(2,207,858)	(3,530,727)
Investing activities			
Additions to exploration and evaluation assets	(2,207,858)	2,207,858	-
Net cash used in investing activities	(2,207,858)	2,207,858	-
Net decrease in cash	(3,530,727)	-	(3,530,727)
Cash, beginning of the year	3,625,681	-	3,625,681
Cash, end of the year	94,954	-	94,954
Supplemental cash flow information:			
Common shares issued for the settlement of debt	82,025	-	82,025

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

4. SIGNIFICANT ACCOUNTING POLICIES

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of Company and its subsidiaries. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Consolidation

Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns, generally accompanying a shareholding that confers more than half of the voting rights. The consolidated financial statements include the operating results of acquired subsidiaries from the date the Company obtains control.

Exploration and evaluation expenditures

Pre-acquisition costs are expensed in the year in which they are incurred. Exploration and evaluation costs include such costs as the acquisition of rights to explore; sampling and surveying costs; costs related to topography, geology, geochemistry, and geophysical studies; drilling costs and costs in relation to technical feasibility and commercial feasibility of extracting a mineral resource. Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets and included as a component of property, plant, and equipment.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration expenditures when received.

Assets held for sale

Non-current assets and disposal groups are classified as assets held for sale in the consolidated statements of financial position if it is determined to be highly probable that the value of these assets will be recovered primarily through the sale rather than through continuing use. For a proposed sale to be considered highly probable, the asset or disposal group must be available for immediate sale in its present condition, management must be committed to the plan of sale, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the sale should indicate that it is unlikely that significant changes to the plan of sale will be made or that the plan of sale will be withdrawn. Judgment is required to determine whether a proposed sale is highly probable. Assets held for sale are required to be recognized at the lower of cost and net realizable value.

Impairment of non-financial assets

When events or circumstances indicate that the carrying value may not be recoverable, the Company reviews the carrying amounts of its exploration and evaluation assets to determine whether events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

Magna Terra Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars unless otherwise noted)

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statements of loss. The recoverable amount of an asset is the higher of its fair value less costs to dispose and its value in use.

Provisions

General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statements of loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is expensed with exploration expenditures or capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss.

As at August 31, 2022 and 2021, the Company determined that it did not have any material rehabilitation obligations.

Loss per share

Basic loss per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted loss per common share is determined whereby the deemed proceeds on the exercise of share options, warrants, and other dilutive instruments are considered to be used to reacquire common shares at the average price for the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options, warrants and other dilutive instruments that would decrease any loss per share. In the event of a share consolidation or share split, the calculation of basic and diluted loss per share is adjusted retrospectively for all periods presented.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

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Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Equity-settled transactions

The costs of equity-settled transactions with employees and other providers of similar services are measured by reference to the fair value at the date on which they are granted. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share based compensation reserve.

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

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

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share issuance costs

Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

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Financial assets at fair-value through profit or loss

Financial instruments classified as fair value through profit or loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statements of loss and comprehensive loss in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVTPL are included in gains or losses in the period in which they arise.

Financial assets at fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables and due to related parties, which are classified at amortized cost.

The following table shows the classification of the Company's financial instruments.

Cash	Amortized cost
Restricted cash	Amortized cost
Other receivables	Amortized cost
Short-term investments	FVTPL
Trade and other payables	Amortized cost
Due to related parties	Amortized cost

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Fair value hierarchy

Financial instruments require disclosure about inputs to fair value measurements within fair value measurement hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

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Short-term investments are measured at level 1 inputs of the fair value hierarchy.

Related party transactions

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

Flow-through share financing

The Company issues flow-through common shares to finance qualifying Canadian exploration expenses. Pursuant to the Canadian Income Tax Act and the terms of the flow-through share financing agreements, the renunciation of qualifying Canadian exploration expenses to flow-through shareholders transfers the tax deductibility of the qualifying exploration expenditures to investors. In flow-through financing arrangements where there is a difference between the market price of the Company's shares on the closing date of the financing and the cash consideration received, the difference is initially accounted for as a liability. As qualifying exploration expenditures are incurred, the Company derecognizes the premium liability and recognizes a corresponding deferred tax liability. Where the flow-through shares have attached share purchase warrants, the Company measures the common share at its fair value and the difference between the value of the common share and the value of the flow-through unit is allocated between the warrant and the liability. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, on a prospective basis. The revision may affect current or both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

Estimation of decommissioning and reclamation costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and

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future employee stock option exercise behaviors and corporate performance. Assumptions and judgments for determining the value of warrants include estimating the future volatility of the share price, expected dividend yield and expected risk-free rate of return. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Going concern

Refer to note 2.

Contingencies

Refer to note 17.

6. ADOPTION OF NEW ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been issued that are not mandatory for reporting periods ending August 31, 2022 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in future reporting periods and on foreseeable future transactions.

Certain new accounting standards and interpretations were mandatory for the year ending August 31, 2022 and have been adopted by the Company. These standards did not have a material impact on the consolidated financial statements of the Company.

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7. EXPLORATION AND EVALUATION EXPENDITURES

	Year ended August 31, 2022 \$	Year ended August 31, 2021 \$
Atlantic Canada projects		
Geological and consultant fees	282,070	920,738
Acquisition costs	246,267	347,914
Assaying and analytical costs	210,816	243,725
Drilling	147,750	371,851
Travel and accommodation	97,904	230,215
Supplies, equipment, and other camp	55,752	106,784
Staking, licences, and permits	30,996	59,496
Geophysics	-	265,368
	1,071,555	2,546,091
Santa Cruz projects		
Geological and consultant fees	60,763	111,757
Staking, licences, and permits	32,844	28,256
Acquisition costs	12,379	-
Supplies, equipment, and other camp	10,022	13,417
Travel and accommodation	1,535	2,883
Other income from option agreements	(66,760)	(31,358)
	50,783	124,955
Quebec projects		
Sale of minority interest in the Verneuil project	(100,000)	-
Other income from option agreements	(50,000)	(50,000)
	(150,000)	(50,000)
Total exploration and evaluation expenditures	972,338	2,621,046

Atlantic Canada

On July 30, 2020, the Company and Signal Gold Inc. ("Signal Gold") (formerly Anaconda Mining Inc.) (together the "Parties") completed a definitive Share Purchase Agreement (the "SPA") dated October 14, 2019, whereby Magna Terra acquired all of the issued and outstanding common shares of Signal Gold's wholly-owned subsidiary, 2647102 Ontario Inc. ("ExploreCo")(the "Acquisition"). ExploreCo owns a 100% interest in the Great Northern and Viking Projects in Newfoundland and Labrador and the Cape Spencer Project in New Brunswick.

As part of the acquisition agreement, the Company acquired the option to earn a 100% interest in the Cape Spencer Property. Under the agreement, the Company can earn a 100% interest in the property by paying a total of \$350,000 in cash or equivalent value shares (of which \$200,000 has been paid) and \$145,000 in milestone payments in cash or equivalent value shares over a seven-year period ending August 9, 2025 based on certain exploration activities (of which \$50,000 has been paid). Subsequent to August 31, 2022, the Company paid \$12,500 in cash and issued 181,159 common shares of the Company to settle the fourth anniversary payment totalling \$25,000. The Company has also satisfied its commitment under the agreement to complete \$400,000 in exploration expenditures within the first four years. A 2% net smelter royalty ("NSR") is payable with one percent of the NSR purchasable for \$1,000,000 and a right of first refusal on the remaining 1% NSR.

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During August 2020, a license was acquired adjacent to the Jackson's Arm Property that is subject to a 3% NSR. The Company has a right to purchase half the NSR (1.5% portion) at a cost of \$1.5 million. A portion of another license is subject to a 0.5% NSR.

On August 15, 2020, the Company acquired the option to earn a 100% interest in the Marigold Property, by paying a total of \$95,000 in cash (of which \$15,000 has been paid) and issuing \$105,000 in cash or equivalent-value common shares over a 4-year period (of which \$25,000 has been paid through the issuance of 101,941 common shares and a cash payment of \$5,181). Subsequent to August 31, 2022, the Company paid \$20,000 in cash and issued a total of 295,858 common shares of the Company to settle the second anniversary payments totalling \$40,000. The agreement is subject to a 2% NSR with 1% purchasable by the Company for \$1,500,000 and right of first refusal on the remaining 1% NSR.

On August 15, 2020, the Company acquired the option to earn a 100% interest in the Armstrong Property, paying a total of \$45,000 (of which \$10,000 has been paid) and issuing \$45,000 in cash or equivalent value common shares over a 3-year period (of which \$10,000 has been paid through the issuance of 40,217 common shares and a cash payment of \$1,806). Subsequent to August 31, 2022, the Company paid \$15,000 in cash and issued a total of 221,566 common shares of the Company to settle the second anniversary payments totalling \$30,000. The Property is subject to a 2% gross metal royalty ("GMR") with 1% purchasable for \$1,000,000 and right of first refusal on the remaining 1% GMR.

On August 18, 2020, an additional 2 mineral licenses adjacent to the Rattling Brook Property were acquired via an option agreement. Under the terms of the option agreement, the Company can earn a 100% interest in the property by paying to the optionor a total of \$30,000 in cash over 2 years (of which \$15,000 has been paid) and issuing \$15,000 in cash or common shares of the Company (of which \$7,500 has been paid through the issuance of 28,976 common shares and a cash payment of \$1,794). Subsequent to August 31, 2022, the Company paid \$15,000 in cash and issued a total of 110,947 common shares of the Company to settle the second anniversary payments totalling \$22,500, which completed the earn-in requirements of this option agreement. The property is subject to a 2% NSR payable to the optionor with 1% NSR purchasable by the Company for \$1,000,000 and right of first refusal on the remaining 1% NSR.

On September 8, 2020, the Company completed amended and re-stated option agreements on the Viking and Kramer Properties with Spruce Ridge Resources Ltd. ("Spruce Ridge"). The Company can earn a 100% interest in the Viking and Kramer Properties by paying a total of \$300,000 over 4 payments ending February 15, 2023. At the Company's option up to one half of the payments can be made via the issuance of common share units. The number of units are calculated using the 20-day volume weighted average price ("VWAP") of the Company's common shares immediately prior to the payment date. Each unit will consist of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a 50% premium to the common share VWAP, for a period of 2 years from the payment date. The warrant exercise price will not be less than the closing market price of the common shares on the day prior to the payment date. As of August 31, 2022, a total of \$200,000 has been paid through the issuance of 261,312 units and total cash payments of \$151,389. Spruce Ridge is entitled to a 0.5% uncapped NSR on all minerals sales from the Viking Property, and a 2.0% NSR on all mineral sales from the Kramer Property, which is capped at \$2,500,000, after which the NSR will be reduced to 1.0%.

On November 7, 2020, the Company acquired the option to earn a 100% interest in the Hawkins Love Project by issuing 150,000 common shares (issued) and paying a total of \$400,000 in cash and/or up to half of the amount in equivalent-value common shares over a 4-year period at the Company's option (of which \$100,000 has been paid through the issuance of 194,444 common shares and total cash payments of \$77,775). The number of shares are calculated by the 20-day volume weighted average price of the Company's common prior to the date of issuance. Subsequent to August 31, 2022, the Company and the optionor agreed to an amendment of the agreement, whereby the option term was extended to a 5-year period and the Company

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will issue an additional 150,000 common shares on or before November 7, 2023. The property is subject to a 2% NSR, with 1% NSR purchasable by the Company for \$1,000,000 and a right of first refusal on the remaining 1% NSR.

Santa Cruz

The Santa Cruz projects consist of an exploration property portfolio in Santa Cruz, Argentina.

The Company owns the mining rights to the Boleadora group as well as El Monte, Gertrudis, Piedra Negra, El Meridiano, Covadonga, and La Rosita projects which were acquired from Renaissance Gold Inc. ("RenGold") by Atala in 2014. In the original acquisition agreement (the "Agreement"), for a period of 10 years from 2014, the Company was obligated to pay to RenGold an amount of \$30,000 should it complete an equity financing of minimum proceeds of \$1 million, and an additional amount of \$50,000 should it complete an additional financing for additional minimum proceeds of \$1 million. On October 26, 2017, the Company closed an amending agreement (the "Amending Agreement") which modifies the Agreement. The Amending Agreement terminates certain rights RenGold retained for future cash payments above, in return for providing RenGold with:

- (i) 250,000 common shares of the Company (issued); and
- (ii) \$25,000 cash (paid).

RenGold is also entitled to a 4% NSR royalty on certain properties, less any royalties payable to the Province of Santa Cruz and any underlying vendor. The royalty can be purchased back in an amount in excess of 1% at a price of US\$1 million per 1%. In no case will the RenGold NSR be less than 1%.

The Piedra Negra, El Meridiano, Covadonga, and La Rosita projects are subject to an underlying option agreement with a private Argentine optionor pursuant to which Atala shall make a total of US\$300,000 in option payments over a 6 year period (US\$10,000 in 2022 (paid subsequent to August 31, 2022), US\$20,000 in 2023, US\$40,000 in 2024, US\$80,000 in 2025, and US\$150,000 in 2026). The optionor is also entitled to receive a 2% NSR royalty. The royalty can be purchased back for US\$800,000.

On June 9, 2020, Atala completed an agreement to option the Company's wholly owned Boleadora Group of properties ("Boleadora") to Oroplata S.A. ("Oroplata") a subsidiary of Newmont Corporation ("Newmont"). Newmont (Oroplata) will pay the Company US\$1 million (approximately \$1,280,000) as follows: US\$25,000 on signing (paid) and six installments totalling US\$975,000 within six years from the date of the Agreement (of which US\$75,000 has been paid). In addition, Newmont (Oroplata) has granted a 2% NSR to the Company. The royalty can be reduced to 1% by payment of US\$2.5 million by Oroplata at any time, and the gross royalty payable is capped at US\$20 million.

Quebec

Noyell

The Company holds a 100% interest in claims located in the district of Abitibi. On April 12, 2019, the Company announced it entered into an option agreement regarding its Noyell Property, with Opus One Gold Corporation ("Opus") paying a total amount of \$500,000 in a combination of cash and/or common shares with the maximum number of common shares not to exceed 7,000,000. The payment terms are \$50,000 upon signing of the agreement (received 1,000,000 common shares), \$50,000 on the first (received 1,000,000 common shares and \$11,900), second (received 1,000,000 common shares), and third anniversaries of the effective date (received \$50,000), \$100,000 on the fourth anniversary of the effective date, and \$200,000 on the fifth anniversary of the effective date. In May 2022, the Company and Opus mutually agreed to a deferral of the third anniversary payment of \$50,000 to August 31, 2022, with Opus also issuing 100,000 common shares, which were received subsequent to August 31, 2022.

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Verneuil

On September 15, 2021, the Company received a \$100,000 cash payment upon the closing of the sale of its 32.778% minority interest in the Verneuil Project. The Company also received a 0.5% net smelter return royalty, that is purchasable by SOQUEM Inc. ("SOQUEM") at any time for a cash payment of \$250,000.

8. SHORT-TERM INVESTMENTS

On April 12, 2019, the Company entered into an Option Agreement (the "Opus Agreement") related to an exploration and evaluation project of the Company (see note 7 - Noyell), whereby the Company, as of August 31, 2022, has received a total of 3,000,000 common shares of Opus. As at August 31, 2022, the Company held 2,775,000 common shares with a quoted market value of \$0.02 per share for a total of \$55,500 (as at August 31, 2021 – 2,775,000 common shares with a quoted market value of \$0.045 per share for a total of \$124,875) resulting in an unrealized loss of \$69,375 for the year ended August 31, 2022 (for the year ended August 31, 2021 – \$111,500).

9. TRADE AND OTHER PAYABLES

As at	August 31, 2022 \$	August 31, 2021 \$
Trade payables	276,645	309,807
Accruals	98,775	45,477
	375,420	355,284

The standard maturity terms of the Company's trade and other payables are 30 – 60 days.

10. SHAREHOLDERS' EQUITY

Issued Capital and Recent Issuances

The Company's authorized share capital consists of an unlimited number of common shares. As at August 31, 2022, the Company had 66,204,355 (August 31, 2021 – 47,024,725) common shares outstanding.

On June 2, 2022, the Company completed a non-brokered private placement of gross proceeds totalling \$858,000. The Company issued 4,450,000 flow-through units ("FT Units") at a price of \$0.14 per FT Unit, and 2,350,000 common share units ("Units") at a price of \$0.10 per Unit. Each FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant and each Unit consisted of one common share and one-half of one common share purchase warrant, with each full warrant being exercisable for an additional common share of the Company at a price of \$0.15 for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid \$19,600 in finder's fees and issued a total of 196,000 finder's warrants, with each finder's warrant exercisable at a price of \$0.15 for a period of 24 months from the date of issuance. An officer of the Company participated in the private placement by acquiring 1,400,000 Units of the Company for total gross proceeds of \$140,000. As at August 31, 2022, \$323,000 of the gross proceeds were held in escrow and classified as restricted cash on the consolidated statement of financial position. The escrowed funds were released to the Company subsequent to August 31, 2022.

A flow-through premium liability of \$169,169 was recorded upon closing, representing the difference between the market price of the Company's shares on June 2, 2022, the value of the warrants issued, and the cash consideration received in exchange for the FT Units. As at August 31, 2022, the Company derecognized a cumulative amount of \$34,767 of the flow-through premium liability and recognized a corresponding income

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amount, representing the portion of the liability that had been fulfilled by incurring qualifying exploration expenditures.

On October 28, 2021, the Company completed the first closing of a non-brokered private placement totalling \$785,000. On November 18, 2021, the Company completed a second and final closing of \$415,000, for total gross proceeds of \$1,200,000. The Company issued a total of 12,000,000 common share units at a price of \$0.10 per unit. Each common share unit consisted of one common share and one-half of one common share purchase warrant, with each full warrant being exercisable for an additional common share of the Company at a price of \$0.15 for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid \$39,000 in finder's fees and issued a total of 390,000 finder's warrants, with each finder's warrant exercisable at a price of \$0.15 for a period of 24 months from the date of issuance. Officers of the Company participated in the private placement by acquiring 1,700,000 units of the Company for total gross proceeds of \$170,000.

During the year ended August 31, 2022, the Company issued 379,630 common shares in connection with the acquisition of exploration and evaluation projects. The value of \$46,342 was based on the quoted market price of the Company's shares at the time of issuance.

On January 25, 2021, the Company settled \$82,025 of debt (the "Debt Settlement") through the issuance of 410,125 common shares of the Company to certain creditors of the Company, including certain of its directors and officers.

During the year ended August 31, 2021, the Company issued 547,636 common shares in connection with the acquisition of exploration and evaluation projects. The value of \$91,870 was based on the quoted market price of the Company's shares at the time of issuance.

On August 4, 2020, the Company completed a private placement for gross proceeds of \$4,965,000 as follows:

- (i) 620,000 flow-through common shares (the "FT Shares") at a price of \$0.25 per share for gross proceeds of \$155,000 (620,000 FT Shares);
- (ii) 11,110,000 common share units (the "Units") at a price of \$0.20 per Unit for gross proceeds of \$2,222,000. Each Unit is comprised of one common share and one-half of one share purchase warrant (each whole warrant being a "Warrant"), each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months following the closing. An officer of the Company participated in the private placement by acquiring 2,750,000 Units of the Company for total gross proceeds of \$550,000; and
- (iii) 9,000,000 charity flow-through units (the "Charity FT Units") at a price of \$0.29 per Charity FT Unit for gross proceeds of \$2,610,000. Each Charity FT Unit is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole warrant being a "Warrant"), each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months following the closing.

As of August 31, 2022, all of the flow-through funds relating to the FT Shares and Charity FT Units were spent on eligible exploration expenditures. A flow-through premium liability of \$866,140 was recorded upon closing on August 4, 2020, representing the difference between the market price of the Company's shares, the value of the Warrants issued, and the cash consideration received in exchange for the FT Shares and the Charity FT Units. As at August 31, 2022, the Company derecognized a cumulative amount of \$866,140 of the flow-through liability premium and recognized a corresponding income amount (for the year ended August 31, 2022 – \$149,598; for the year ended August 31, 2021 – \$716,542), representing the portion of the liability that had been fulfilled by incurring qualifying exploration expenditures.

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Warrants

A summary of the Company's warrant activities for the years ended August 31, 2022 and 2021 is presented below:

	Warrants #	Exercise price \$
Balance, August 31, 2020	11,071,229	0.32
Issued	38,063	0.49
Expired	(579,429)	0.70
Balance, August 31, 2021	10,529,863	0.30
Issued	9,492,593	0.15
Issued for finder's fee	586,000	0.15
Expired	(10,491,800)	0.30
Balance, August 31, 2022	10,116,656	0.15

The composition of the outstanding warrants as at August 31, 2022 consists of the following:

	Expiry date	Number #	Exercise price \$
Warrants	September 8, 2022	38,063	0.49
Warrants	October 28, 2023	3,925,000	0.15
Finder's warrants	October 28, 2023	210,000	0.15
Warrants	November 18, 2023	2,075,000	0.15
Finder's warrants	November 18, 2023	180,000	0.15
Warrants	March 4, 2024	92,593	0.19
Warrants	June 2, 2024	3,400,000	0.15
Finder's warrants	June 2, 2024	196,000	0.15
		10,116,656	0.15

During the year ended August 31, 2022, 10,491,800 warrants expired unexercised (year ended August 31, 2021 – 579,429). The corresponding grant date fair value of \$933,002 (year ended August 31, 2021 – \$101,120) was reclassified from warrants to accumulated deficit. Subsequent to August 31, 2022, 38,063 warrants expired unexercised.

On June 2, 2022, the Company issued warrants in relation to a non-brokered private placement to acquire 3,400,000 common shares, which are exercisable at \$0.15 per share and expire on June 2, 2024, and 196,000 finder's warrants, which are exercisable at \$0.15 per share and expire on June 2, 2024. The warrants and finder's warrants were valued at \$120,439 using the Black-Scholes method with a risk-free rate of 2.84%, expected volatility of 102%, which is based on the historical share prices of the Company, expected dividend yield of nil, share price of \$0.08, and an expected life of 24 months.

On March 4, 2022, the Company issued 92,593 warrants to Spruce Ridge (note 7), entitling the holder to purchase 92,593 common shares of the Company at a price of \$0.19 per share until March 4, 2024. The warrants were valued at \$5,880 using the Black-Scholes method with a risk-free interest rate of 1.38%, expected volatility of 105% which is based on the historical share prices of the Company, expected dividend yield of nil, share price of \$0.135, and an expected life of 24 months.

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On November 18, 2021, the Company issued warrants in relation to a non-brokered private placement to acquire 2,075,000 common shares, which are exercisable at \$0.15 per share and expire on November 18, 2023, and 180,000 finder's warrants, which are exercisable at \$0.15 per share and expire on November 18, 2023. The warrants and finder's warrants were valued at \$78,407 using the Black-Scholes method with a risk-free rate of 0.98%, expected volatility of 107%, which is based on the historical share prices of the Company, expected dividend yield of nil, share price of \$0.08, and an expected life of 24 months.

On October 28, 2021, the Company issued warrants in relation to a non-brokered private placement to acquire 3,925,000 common shares, which are exercisable at \$0.15 per share and expire on October 28, 2023, and 210,000 finder's warrants, which are exercisable at \$0.15 per share and expire on October 28, 2023. The warrants and finder's warrants were valued at \$140,626 using the Black-Scholes method with a risk-free rate of 1.00%, expected volatility of 105%, which is based on the historical share prices of the Company, expected dividend yield of nil, share price of \$0.08, and an expected life of 24 months.

On September 8, 2020, the Company issued 38,063 warrants to Spruce Ridge (note 7), entitling the holder to purchase 38,063 common shares of the Company at a price of \$0.49 per share until September 8, 2022. The warrants were valued at \$6,349 using the Black-Scholes method with a risk-free interest rate of 0.27%, expected volatility of 149% which is based on the historical share prices of the Company, expected dividend yield of nil, share price of \$0.27, and an expected life of 24 months.

Share-based compensation

The Company adopted a fixed stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management consultants and external consultants of the Company or of its subsidiary thereof, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options. The options vest at the date of the grant unless additional restrictions on the vesting of the options are imposed by the Board of Directors except for the consultants working in investor relations, whose options are vested in quarterly installments over a 12 month period from grant. The option period is a period of time fixed by the Board of Directors but cannot exceed 5 years.

As at August 31, 2022, the Company had 3,101,429 stock options outstanding and exercisable. The following summary sets out the activity in the Plan for the years ended August 31, 2022 and 2021:

	Options #	Exercise price \$
Balance, August 31, 2020	1,138,571	0.43
Granted	2,720,000	0.20
Balance, August 31, 2021	3,858,571	0.27
Expired/forfeited	(757,142)	0.45
Balance, August 31, 2022	3,101,429	0.22
Options exercisable, August 31, 2022	3,101,429	0.22

During the year ended August 31, 2022, 757,142 options expired unexercised or were forfeited (year ended August 31, 2021 – nil). The corresponding grant date fair value of \$347,980 (year ended August 31, 2021 – \$nil) was reclassified from equity reserves to accumulated deficit. Subsequent to August 31, 2022, 257,143 options expired unexercised.

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During the year ended August 31, 2021, 2,720,000 options were granted to officers, directors, contractors, and consultants to the Company at a weighted average exercise price of \$0.20. The stock options vest over a 9-month period in 4 equal instalments.

The options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and on the assumptions below.

The following table sets out the details of the stock options granted and outstanding as at August 31, 2022. The weighted average exercise price for the outstanding stock options was \$0.22 as at August 31, 2022.

Date of grant	Remaining life	Number of options #	Exercise price \$
September 7, 2017	0.02 years	57,143	0.35
December 21, 2020	0.31 years	200,000	0.20
February 5, 2021	0.43 years	175,000	0.20
August 18, 2021	0.97 years	175,000	0.20
December 28, 2018	1.33 years	302,857	0.35
June 3, 2019	1.76 years	21,429	0.35
December 21, 2020	3.32 years	1,920,000	0.20
February 5, 2021	3.45 years	100,000	0.20
May 17, 2021	3.72 years	150,000	0.20
		3,101,429	0.22

The expected volatility is based on the historical volatility (based on the remaining life of the options).

The following table sets out the details of the valuation of stock option grants for the years ended August 31, 2022 and 2021:

Date of grant	Number of options	Risk-free interest rate	Exercise price	Expected dividend yield	Expected volatility	Expected life
December 21, 2020	1,920,000	0.44%	\$0.20	Nil	154%	5 years
December 21, 2020	200,000	0.23%	\$0.20	Nil	141%	2 years
February 5, 2021	100,000	0.48%	\$0.20	Nil	154%	5 years
February 5, 2021	175,000	0.20%	\$0.20	Nil	138%	2 years
May 17, 2021	150,000	0.95%	\$0.20	Nil	138%	5 years
August 18, 2021	175,000	0.45%	\$0.20	Nil	114%	2 years

The fair value of the stock options granted for the year ended August 31, 2022 was \$nil (year ended August 31, 2021 - \$424,366). Share-based compensation expense recognized in relation to stock options which vested during the year ended August 31, 2022 was \$24,417 (year ended August 31, 2021 - \$399,949).

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11. GENERAL AND ADMINISTRATIVE

For the years ended August 31	2022	2021
	\$	\$
Conferences and promotion	127,827	76,475
Rent	37,500	40,374
Insurance	22,080	22,436
Shareholder services	20,082	37,308
Office	19,236	46,745
Listing fees	9,307	11,761
Industry membership	1,500	-
Geologic consulting	-	252
	237,532	235,351

12. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors, the President and Chief Executive Officer, and the Chief Financial Officer. Compensation of key management personnel was as follows for the years ended August 31, 2022 and 2021:

For the years ended August 31	2022	2021
	\$	\$
Management fees	180,000	180,000
Share-based compensation	9,318	195,618
	189,318	375,618

As at August 31, 2022, included in due to related parties are outstanding management fees of \$84,750 (August 31, 2021 – \$nil). The amounts are unsecured, non-interest bearing, and no fixed terms of repayment.

On June 2, 2022, the Company closed a private placement of units and of the total \$858,000 proceeds, \$140,000 was subscribed for by an officer of the Company through the subscription of 1,400,000 Units.

On November 18, 2021, the Company closed a private placement of units and of the total \$1,200,000 proceeds, \$170,000 was subscribed for by officers of the Company through the subscription of 1,700,000 Units.

Signal Gold Inc.

The Company and Signal Gold have certain key management personnel in common. As described in note 7, the Company completed a transaction with Signal Gold on July 30, 2020, whereby the Company acquired all of the issued and outstanding common shares of Signal Gold's wholly-owned subsidiary, ExploreCo. The Company and Signal Gold have entered into a service level agreement whereby Signal Gold provides certain services to the Company, including technical geology services and exploration program management, corporate services, and finance and accounting support. As at August 31, 2022, included in due to related parties is \$63,422 (August 30, 2021 – \$319,072) of amounts charged under the service level agreement. The amounts are unsecured, non-interest bearing, and no fixed terms of repayment.

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13. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The carrying value of cash, restricted cash, other receivables, trade and other payables, and due to related parties approximates fair value due to the short-term nature of these financial instruments.

As of August 31, 2022 and 2021, except for short-term investments, none of the Company's financial instruments are recorded at fair value in the consolidated statements of financial position. Short-term investments are classified as level 1 fair value.

b) Risk management

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and short-term investments. As at August 31, 2022, the Company has \$107,898 in cash and current liabilities of \$657,995. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its short-term investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, all of the Company's investments are in the resource sector. Based on the market risk exposure, a \$0.01 change in the Opus share price would result in an increase/decrease of \$27,750 in net income.

Currency risk

The Company operates in Canada and Argentina, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will consequently have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The following summarizes the Canadian dollar amount of assets and liabilities denominated in other currencies:

	ARG \$
Cash	35,493
Accounts payable	(45,310)
	(9,817)

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Based on the foreign currency exposure noted above, a 1% change in the exchange rate against the Canadian dollar would result in an increase/decrease of \$100 in net income.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

14. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. As at August 31, 2022, the Company's capital consists of equity, which is comprised of share capital, warrants, share based compensation, and deficit, in the amount of \$40,686 (August 31, 2021 – deficiency of \$339,477).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements or covenants.

The Company and its subsidiaries are not subject to externally imposed capital requirements other than the capital requirements of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at August 31, 2022, the Company believes that it is compliant with the policies of the TSX Venture Exchange.

15. INCOME TAXES

Income tax expense

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) to the effective tax rate is as follows:

For the years ended August 31,	2022	2021
	\$	\$
Net loss before income taxes	(1,499,878)	(2,966,849)
Expected income tax recovery based on statutory rate	(397,000)	(786,000)
Adjustment to expected income tax benefit	-	-
Share based compensation and non-deductible expenses	6,000	106,000
Change in tax benefits not recognized	391,000	680,000
Deferred income tax provision (recovery)	-	-

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Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets in Canada have not been recognized in respect of the following deductible temporary differences:

As at August 31,	2022	2021
	\$	\$
Property, plant and equipment	14,000	14,000
Non-capital loss carry-forwards	1,640,000	1,071,000
Share issue cost	164,000	145,000
Exploration and evaluation	6,223,000	5,779,000
	8,041,000	7,009,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The non-capital loss carry forwards in Canada expire between 2035 to 2042.

The Company also expects it has deductible temporary differences and balances in Argentina which have not been recognized.

16. SEGMENT INFORMATION

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of exploration and evaluation projects. Geographic segment information of the Company's exploration and evaluation expenditures as at August 31, 2022 and August 31, 2021 are as described in note 7.

17. COMMITMENTS AND CONTINGENCIES

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company's exploration and evaluation projects may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Underlying royalties on the Company's exploration and evaluation projects are described in note 7.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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As a result of the Company's flow-through financing in June 2022, the Company is committed to incur qualifying resource expenditures. An amount equal to the gross proceeds from the flow-through common shares, \$623,000, will be renounced by the Company in favour of the purchasers of the flow-through common shares with an effective date of December 31, 2022. As at August 31, 2022, the Company is committed to incur approximately \$494,965 in qualifying expenditures before December 31, 2023.

In connection with the Company's flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments.

The Company is party to certain management contracts. As of August 31, 2022, these contracts require payments of \$180,000 to be made upon the occurrence of a change of control to the officers of the Company. The Company is also committed to payments upon termination of \$155,000 pursuant to the terms of these contracts as of August 31, 2022. As a triggering event has not taken place on August 31, 2022, these amounts have not been recorded in these consolidated financial statements.

18. SUBSEQUENT EVENTS

Subsequent to August 31, 2022, the Company issued 809,530 common shares in connection with the acquisition of exploration and evaluation projects (note 7).