FPX NICKEL CORP.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited)
(Stated in Canadian Dollars)

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Stated in Canadian Dollars)

	Sep 30 2023	Dec 31 2022
	$	$
ASSETS		
Current		
Cash and cash equivalents (note 4)	**31,813,194**	18,016,082
Amounts receivable (note 5)	**509,479**	2,196,988
Prepaid expenses (note 6)	**195,149**	279,334
Total Current Assets	**32,517,822**	20,492,404
Exploration and evaluation assets (note 7)	**27,458,423**	21,469,633
Reclamation deposits (note 8)	**188,092**	157,970
Right-of-use asset – office lease (note 10(a))	**295,024**	146,791
Other assets	**178,165**	-
Total Assets	**60,637,526**	42,266,798
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 9)	**902,707**	564,361
Lease liability – current portion (note 10(b))	**152,430**	90,129
Total Current Liabilities	**1,055,137**	654,490
Share subscriptions – CO2 Lock Corp. (note 3)	**1,096,865**	-
Lease liability – non-current portion (note 10(b))	**153,710**	63,941
Total Liabilities	**2,305,712**	718,431
EQUITY		
Share capital (note 11)	**93,870,009**	75,319,412
Other equity reserve (note 11(d))	**12,296,737**	10,493,703
Deficit	**(49,367,607)**	(45,872,364)
Total shareholders' equity attributable to shareholders of FPX Nickel Corp.	**56,799,139**	39,940,751
Non-controlling interest (note 3)	**1,532,675**	1,607,616
Total Shareholders' Equity	**58,331,814**	41,548,367
Total Liabilities and Shareholders' Equity	**60,637,526**	42,266,798

Nature and continuance of operations (note 1)
Commitments (note 13)
Subsequent event (note 11(c))

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved and authorized by the Board of Directors:

/s/ Peter M. D. Bradshaw	*/s/ James S. Gilbert*
Peter M.D. Bradshaw, Director	James S. Gilbert, Director

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Stated in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
EXPENSES				
Professional fees	**171,226**	51,002	**286,769**	64,860
Depreciation	**32,011**	19,473	**89,385**	61,509
Foreign exchange loss (gain)	**(37)**	4,874	**1,634**	4,824
General exploration	**11,831**	153,846	**251,184**	253,468
Insurance	**9,604**	7,215	**28,524**	18,891
Interest expense	**5,767**	3,556	**11,007**	11,834
Management fees and salaries (note 12)	**282,442**	222,208	**880,266**	611,374
Office and administration	**37,011**	63,397	**86,376**	107,423
Share-based compensation (note 11(c))	**184,336**	979,309	**2,090,854**	1,367,091
Travel, promotion & communications	**140,881**	106,327	**606,031**	475,293
Trust and filing fees	**9,986**	7,005	**90,020**	72,752
Loss before other items	**(885,058)**	(1,618,212)	**(4,422,050)**	(3,049,319)
OTHER ITEMS				
Interest income	**421,238**	33,819	**839,400**	99,187
Management fee income (note 7)	**11,226**	-	**12,466**	-
	432,464	33,819	**851,866**	99,187
Net loss and comprehensive loss for the period	**(452,594)**	(1,584,393)	**(3,570,184)**	(2,950,132)
Net loss and comprehensive loss attributable to:				
Shareholders of FPX Nickel Corp.	**(437,026)**	(1,553,586)	**(3,495,243)**	(2,907,587)
Non-controlling interest	**(15,568)**	(30,807)	**(74,941)**	(42,545)
	(452,594)	(1,584,393)	**(3,570,184)**	(2,950,132)
Basic and diluted loss per share	**(0.00)**	(0.01)	**(0.01)**	(0.01)
Weighted average number of common shares outstanding	**273,881,246**	216,007,863	**257,006,212**	215,414,823

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

FPX NICKEL CORP.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

(Stated in Canadian dollars)

	Share Capital		Other Equity Reserve	Deficit	Attributable to Shareholders of FPX Nickel Corp.	Non-Controlling Interest	Total
	Number of Shares	Amount					
	#	$	$	$	$	$	$
Balance, December 31, 2021	**213,857,863**	**62,531,195**	**9,473,652**	**(42,236,261)**	**29,768,586**	**-**	**29,768,586**
Options exercised	2,250,000	561,850	(224,350)	-	337,500	-	337,500
Share-based compensation	-	-	1,367,091	-	1,367,091	-	1,367,091
Non-controlling interest	-	-	-	-	-	1,684,263	1,684,263
Loss for the period	-	-	-	(2,907,587)	(2,907,587)	(42,545)	(2,950,132)
Balance, September 30, 2022	**216,107,863**	**63,093,045**	**10,616,393**	**(45,143,848)**	**28,565,590**	**1,641,718**	**30,207,308**
Private placement	24,000,000	12,000,000	-	-	12,000,000	-	12,000,000
Share issue costs	-	(63,823)	-	-	(63,823)	-	(63,823)
Options exercised	1,200,000	290,190	(122,690)	-	167,500	-	167,500
Non-controlling interest	-	-	-	-	-	(1,341)	(1,341)
Loss for the period	-	-	-	(728,516)	(728,516)	(32,761)	(761,277)
Balance, December 31, 2022	**241,307,863**	**75,319,412**	**10,493,703**	**(45,872,364)**	**39,940,751**	**1,607,616**	**41,548,367**
Private placements	30,051,184	18,030,710	-	-	18,030,710	-	18,030,710
Share issue costs	-	(120,433)	-	-	(120,433)	-	(120,433)
Options exercised	2,522,199	640,320	(287,820)	-	352,500	-	352,500
Share-based compensation	-	-	2,090,854	-	2,090,854	-	2,090,854
Loss for the period	-	-	-	(3,495,243)	(3,495,243)	(74,941)	(3,570,184)
Balance, September 30, 2023	**273,881,246**	**93,870,009**	**12,296,737**	**(49,367,607)**	**56,799,139**	**1,532,675**	**58,331,814**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

FPX NICKEL CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Stated in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
	$	$	**$**	$
Cash provided by (used for):				
Operating activities				
Net loss for the period	**(452,594)**	(1,584,393)	**(3,570,184)**	(2,950,132)
Adjustments for:				
Depreciation	**32,011**	19,473	**89,385**	61,509
Share-based compensation	**184,336**	979,309	**2,090,854**	1,367,091
	(236,247)	(585,611)	**(1,389,945)**	(1,521,532)
Changes in non-cash working capital components:				
Amounts receivable	**(48,930)**	(119,581)	**(251,309)**	(64,290)
Prepaid expenses	**64,611**	(269,675)	**84,185**	(344,765)
Accounts payable and accrued liabilities	**(45,181)**	109,779	**(47,569)**	156,675
	(265,747)	(865,088)	**(1,604,638)**	(1,773,912)
Financing activities *				
Proceeds from issuance of shares of FPX Nickel Corp.	**-**	-	**18,030,710**	-
Share issue costs	**(54,559)**	-	**(120,433)**	-
Proceeds from exercise of stock options	**-**	37,500	**352,500**	337,500
Proceeds from CO2 Lock Corp. financings	**1,096,865**	-	**1,096,865**	1,714,758
Share issue costs – CO2 Lock Corp.	**(11,217)**	(30,495)	**(11,217)**	(30,495)
Repayment of lease liability	**(22,984)**	(21,100)	**(67,206)**	(62,137)
	1,008,105	(14,095)	**19,281,219**	1,959,626
Investing activities *				
Reclamation deposit	**(29,615)**	(174)	**(30,122)**	(24,373)
Exploration and evaluation expenditures	**(1,205,183)**	(3,904,338)	**(3,664,058)**	(6,361,505)
Purchase of equipment	**(7,469)**	-	**(185,289)**	-
	(1,242,267)	(3,904,512)	**(3,879,469)**	(6,385,878)
Net cash provided (used) during period	**(499,909)**	(4,783,695)	**13,797,112**	(6,200,164)
Cash and cash equivalents – beginning of period	**32,313,103**	13,118,555	**18,016,082**	14,535,024
Cash and cash equivalents - end of period	**31,813,194**	8,334,860	**31,813,194**	8,334,860

**** Supplemental disclosure of non-cash financing and investing activities***

Interest received	**419,052**	33,708	**825,531**	98,983
Change in accounts payable related to exploration and evaluation expenditures	**89,997**	117,907	**385,913**	476,052
Change in BC mineral exploration tax credits receivable included in exploration and evaluation assets	**(949,707)**	-	**(1,938,819)**	-

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

FPX Nickel Corp. (the "Company") is incorporated under the Business Corporations Act (Alberta) and is involved in the acquisition and exploration of mineral property interests that are considered potential sites of economic mineralization. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of these properties.

The Company has not generated revenue from operations. The Company incurred a net loss of $3,570,184 (2022 – $2,950,132) during the nine months ended September 30, 2023 and as of that date the Company's deficit was $49,367,607 (December 31, 2022 – $45,872,364). As the Company is in the exploration stage, the recoverability of the costs incurred to date on its exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties.

While the Company's working capital position at September 30, 2023 was $31,462,685 (December 31, 2022 – $19,837,914), the Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries. They are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. The Company operates in one reportable operating segment being the exploration of mineral properties.

The head office and principal address of the Company is Suite 320 – 1155 West Pender Street, Vancouver, British Columbia V6E 2P4. The Company's registered and records office is 4500 Bankers Hall East, 855 Second Street SW, Calgary, Alberta T2P 4K7.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for annual financial statements prepared using International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 28, 2023.

2. BASIS OF PREPARATION *(continued)*

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical costs basis except for financial instruments, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates.

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements and the IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies. In accordance with the effective date and transition rules of the amendments, the Company initially applied the amendments to IAS 1 to its consolidated financial statements for the annual reporting period beginning on January 1, 2023. We do not expect these amendments to have a material effect on the annual consolidated financial statements.

3. INVESTMENT IN CO2 LOCK CORP.

On March 30, 2022, the Company established a new subsidiary company, CO2 Lock Corp. (“CLC”), to pursue opportunities in carbon capture and storage. In exchange for access to the Company’s technical information, exploration database and certain other rights, the Company received 17 million shares of CLC. During the year ended December 31, 2022, CLC issued 2,286,344 common shares at $0.75 per share to third party investors for gross proceeds of $1,714,758 and incurred $31,837 in share issuance costs. As at September 30, 2023, the Company has an 88.2% ownership interest in CLC on an issued and outstanding basis.

The Company controls and therefore includes the accounts of CLC in these consolidated financial statements. A non-controlling interest (“NCI”) was recognized at inception as being equal to the cash raised from the third-party investors. As funds are expended by CLC, it is anticipated that initial losses would arise in that entity, which would reduce the collective NCI amount, recorded within equity, by its pro-rata share of such losses. Accordingly, on a consolidated basis, the losses of CLC attributable to the NCI would reduce the Company’s reported loss.

The Company has identified nominal historical costs applicable to its investment in CLC; however, the imputed gain on its receipt of CLC shares was fully eliminated on consolidation.

On September 28, 2023, CLC completed a Simple Agreement for Future Equity (“SAFE”) with third party investors and received gross proceeds of $1,096,865 (the “Purchase Amount”). Under the terms of the SAFE, participants are entitled to SAFE shares at a discounted rate in the next equity financing of CLC where shares are issued (the “Equity Financing”). The number of shares to be issued under the SAFE will be equal to the Purchase Amount divided by the Discount Price which is defined as the lowest price per share sold in the Equity Financing multiplied by 85%. Participants have the right to payment of a portion of the Purchase Amount if an Equity Financing has not occurred prior to a change of control, direct listing, initial public offering or in the event of dissolution.

At September 30, 2023, proceeds from the SAFE are recorded as a non-current liability in the consolidated statement of financial position. Deferred financing costs of $11,217 incurred on the transaction are included in other assets.

(Stated in Canadian Dollars)

4. CASH AND CASH EQUIVALENTS

		September 30, 2023		December 31, 2022
Cash on deposit – FPX Nickel Corp.	**$**	**455,667**	$	253,562
Cash on deposit – CO2 Lock Corp.		**1,288,088**		1,128,205
Liquid short-term investments – FPX Nickel Corp.		**30,069,439**		16,634,315
	$	**31,813,194**	$	18,016,082

5. AMOUNTS RECEIVABLE

		September 30, 2023		December 31, 2022
BC mineral exploration tax credit	**$**	**-**	$	1,944,174
Expense recoveries		**53,553**		-
GST		**276,944**		251,806
Other		**178,982**		1,008
	$	**509,479**	$	2,196,988

6. PREPAID EXPENSES

		September 30, 2023		December 31, 2022
Insurance	**$**	**14,221**	$	7,525
Vendor pre-payments		**180,928**		271,809
	$	**195,149**	$	279,334

7. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2023, the Company holds a 100% interest in five nickel properties, four of which are located in British Columbia (Decar, Wale, Orca and Klow), and one located in the Yukon Territory (Mich). With the exception of the Decar district, the Company's nickel properties are all in the early stage of exploration.

Decar Nickel District, British Columbia

Under the terms of an option agreement entered into in November 2009, Cliffs Natural Resources Exploration Inc. ("Cliffs") held the right to earn an initial 51% interest in the Decar district by spending US$4,500,000 on the property over four years. Pursuant to an amended agreement dated September 12, 2011, by agreeing to complete the scoping study within 18 months, Cliffs was deemed to have earned an initial 51% interest in the Decar district and the Company was deemed to have earned a 1% Net Smelter Return ("NSR") royalty in the Decar district. On delivery of the Preliminary Economic Assessment in April 2013, Cliffs earned an additional 9% interest in Decar, bringing its aggregate interest to 60%. In August 2015, the structure of ownership of the Decar district converted to a contractual joint venture, with initial ownership interests fixed at 60% for Cliffs and 40% for FPX Nickel.

(Stated in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS *(continued)*

On November 18, 2015, the Company purchased Cliffs' 60% ownership of the Decar district for an acquisition price of US $4.75 million (CDN $6.27 million). The Company owns 100% of the Decar district.

Other Nickel Properties, British Columbia and Yukon Territory

During the year ended December 31, 2014, deferred acquisition and exploration costs incurred on three of the Company's British Columbia nickel properties (Wale, Orca and Klow) totaling $2,441,636 were written off as the Company had no plans at that time to perform significant work on those properties. The Company retains the underlying mineral claims for these properties in good standing. As of September 30, 2023, these properties are carried at a nominal value of $1 per property.

Generative Exploration

On March 29, 2023, the Company entered into a Global Generative Exploration Alliance ("Generative Alliance") with Japan Organization for Metals and Energy Security ("JOGMEC") to carry out worldwide mineral exploration activities for the identification, acquisition and development of high-quality awaruite nickel targets on a worldwide basis.

During the first phase of the Generative Alliance, JOGMEC will fund 100% of expenditures up to $650,000 per year for a minimum of two years. Each of the parties will appoint two representatives to a management committee to oversee exploration activities with FPX Nickel acting as operator of the joint venture, earning a fee equal to 10% of the Generative Alliance expenditures.

One or more specific exploration targets identified by the Generative Alliance may be advanced to a second phase to be further developed as a separate designated project ("Designated Project"). Each Designated Project will have its own work program and budget with the objective, including through drilling, to test and further develop the identified targets. For each Designated Project, JOGMEC and the Company will fund 60% and 40%, respectively, for approved work programs.

If a party's beneficial interest in a Designated Project is diluted to less than 10%, the diluted party's interest will be converted to 1.5% NSR royalty over that Designated Project, with the other party retaining a right to buy-back 1.0% of the NSR royalty for $3,500,000.

Concurrent with the Generative Alliance agreement, the Company granted to JOGMEC a right to acquire a 60% interest in the Klow project by funding $1,000,000 in exploration expenditures at Klow by no later than March 31, 2026.

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance, December 31, 2021	Acquisition Costs	Exploration Costs	Recoveries	Costs Written Off	Balance, December 31, 2022
Decar	$ 13,355,358	$ -	$ 8,091,075	$ (861,485)	$ -	$ 20,584,948
Wale	1	-	-	-	-	1
Orca	1	-	-	-	-	1
Klow	1	-	-	-	-	1
Mich	874,602	10,080	-	-	-	884,682
	$ 14,229,963	$ 10,080	$ 8,091,075	$ (861,485)	$ -	$ 21,469,633

(Stated in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS *(continued)*

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance, December 31, 2022	Acquisition Costs	Exploration Costs	Recoveries	Cost Written Off	Balance, September 30, 2023
Decar	$ 20,584,948	$ -	$ 5,978,710	$ -	$ -	**$ 26,563,658**
Wale	1	-	-	-	-	**1**
Orca	1	-	-	-	-	**1**
Klow	1	-	-	-	-	**1**
Mich	884,682	10,080	-	-	-	**894,762**
	$ 21,469,633	$ 10,080	$ 5,978,710	$ -	$ -	**$ 27,458,423**

8. RECLAMATION DEPOSITS

The Company has provided deposits as security against potential future reclamation work for properties held. As at September 30, 2023, a total of $188,092 (December 31, 2022 – $157,970) has been provided in the form of cash and Guaranteed Investment Certificates posted with the Minister of Finance for the Province of British Columbia for the benefit of the provincial Ministry of Energy, Mines and Low-Carbon Innovation.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Trade payables	**$ 896,585**	$ 518,875
Accrued liabilities	**6,122**	45,486
	$ 902,707	$ 564,361

10. LEASES

(a) Right-of-use asset

As at September 30, 2023, the right-of-use asset recorded for the Company's office premises was as follows:

	September 30, 2023	December 31, 2022
Balance, beginning of period	**$ 146,791**	$ 234,866
Additions	**219,276**	-
Depreciation	**(71,043)**	(88,075)
Balance, end of period	**$ 295,024**	$ 146,791

(Stated in Canadian Dollars)

10. LEASES *(continued)*

(b) *Lease liability*

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

		September 30, 2023		December 31, 2022
Undiscounted minimum lease payments				
Less than one year	**$**	**176,184**	$	98,628
Two to three years		**161,502**		65,752
		337,686		164,380
Effect of discounting		**(31,546)**		(10,310)
Present value of minimum lease payments		**306,140**		154,070
Less: current portion		**(152,430)**		(90,129)
Long-term portion	**$**	**153,710**	$	63,941

The net change in the lease liability is as follows:

		September 30, 2023		December 31, 2022
Balance, beginning of period	**$**	**154,070**	$	237,706
Additions		**219,276**		-
Principal payments		**(78,064)**		(98,628)
Interest expense		**10,859**		14,992
Balance, end of period	**$**	**306,140**	$	154,070

11. SHARE CAPITAL

(a) *Issued and outstanding*

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of first and second preferred shares. None of the preferred shares have been issued.

(b) *Share issuances*

During the nine months ended September 30, 2023, the Company issued 2,522,199 shares for options exercised in the period. The amount recorded as share capital was $640,320 which amount consisted of cash of $352,500 and an additional sum of $287,820, the latter being the fair value originally attributable to the options upon vesting, which amount was reclassified from other equity reserve.

On June 7, 2023, the Company closed a private placement financing with a corporate strategic investor (the "Strategic Investor"). Under the terms of the private placement, FPX issued 3,251,184 common shares of the Company at a price of $0.60 per share, for gross proceeds of $1,950,710.

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

On May 30, 2023, the Company closed a private placement financing with Outokumpu Oyj. Under the terms of the private placement, FPX issued 26,800,000 common shares of the Company at a price of $0.60 per share, for gross proceeds of $16,080,000.

During the year ended December 31, 2022, the Company issued 3,450,000 shares for options exercised in the period. The amount recorded as share capital was $852,040 which amount consisted of cash of $505,000 and an additional sum of $347,040, the latter being the fair value originally attributable to the options upon vesting, which amount was reclassified from other equity reserve.

On December 2, 2022, the Company closed a private placement financing with the Strategic Investor. Under the terms of the private placement, FPX issued 24,000,000 common shares of the Company at a price of $0.50 per share, for gross proceeds of $12,000,000.

(c) *Stock options*

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board.

During the nine months ended September 30, 2023, the Company granted to directors, officers, advisors and employees a total of 5,155,000 stock options (2022 – 3,390,000) to purchase shares with a weighted average exercise price of $0.57 per share, all of which vested on their grant date. The fair value of options granted was $2,090,854 and determined using the Black-Scholes option pricing model with the following weighted average assumptions: Share price on grant date of $0.57; expected dividend yield of 0%; risk-free interest rate of 3.7%; volatility of 98.5%; and expected life of 5 years.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

A summary of the Company's stock option transactions is as follows:

	Number of options		Weighted average exercise price
Balance, December 31, 2021	16,250,000	$	0.30
Granted	3,390,000		0.54
Exercised	(3,450,000)		0.15
Balance, December 31, 2022	16,190,000		0.39
Granted	**5,155,000**		**0.57**
Exercised	**(2,600,000)**		**0.15**
Balance, September 30, 2023	**18,745,000**	**$**	**0.47**

Subsequent to period end, the Company granted to an officer 300,000 options to purchase shares at an exercise price of $0.40 per share, all of which vested immediately. The options will expire on October 10, 2028.

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

At September 30, 2023, the Company had the following number of stock options issued and outstanding:

Range of exercise prices	Options outstanding and exercisable		Weighted average exercise price	Weighted average remaining contractual life (years)
\$0.20 - \$0.39	6,000,000	\$	0.20	0.99
\$0.40 - \$0.59	3,990,000		0.48	3.92
\$0.60 - \$0.79	8,255,000		0.64	3.70
> \$0.80	500,000		0.80	2.95
	18,745,000	\$	0.47	2.86

(d) *Other equity reserve*

		September 30, 2023		December 31, 2022
Share options	**\$**	**11,371,918**	\$	9,568,884
Finders' warrants		**924,819**		924,819
	\$	**12,296,737**	\$	10,493,703

12. RELATED PARTY TRANSACTIONS

The Company considers its Officers to be key management personnel. Amounts paid to key management personnel during the three and nine months ended September 30, 2023 and 2022 are shown in the following table:

	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		**2023**		2022
Salaries and fees	**\$**	**325,734**	\$	164,124	**\$**	**814,034**	\$	534,987
Share-based compensation		**184,336**		-		**1,470,120**		385,840
	\$	**510,070**	\$	164,124	**\$**	**2,284,154**	\$	920,827

The amounts charged to the Company for the services provided have been determined by negotiations between the parties and are covered by a signed agreement. These services were in the normal course of operations and management believes that they were incurred on a basis consistent with comparable transactions between other non-related parties.

At September 30, 2023, included in accounts payable and accrued liabilities was \$48,867 (December 31, 2022 – \$22,669) due to related parties. Amounts due to related parties are unsecured and non-interest bearing.

(Stated in Canadian Dollars)

13. COMMITMENTS

	< 1 year	1 – 3 years	4 – 6 years	Total
Accounts payable and accrued liabilities	$ 902,707	$ -	$ -	$ 902,707
Office lease (undiscounted)	176,184	161,502	-	337,686
	$ 1,078,891	$ 161,502	$ -	$ 1,240,393

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

		September 30, 2023	December 31, 2022
Cash and cash equivalents	Level 1	$ **31,813,194**	$ 18,016,082

The carrying value of receivables, reclamation deposits and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

(b) Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statements of financial position and arises from the Company's cash and cash equivalents, receivables, excluding GST receivable and British Columbia mineral exploration tax credits receivable, and reclamation deposits.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company's cash and cash equivalents are held in accounts with a Canadian chartered bank and a brokerage firm. Cash in excess of the amounts needed to fund the Company's day-to-day operating expenses is invested in securities guaranteed by the federal or British Columbia government. The reclamation deposits are in the form of Guaranteed Investment Certificates pledged to the Minister of Finance for the Province of British Columbia to cover the estimated cost of reclaiming the Company's exploration projects.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had cash and cash equivalent balances of $31,813,194 to settle current liabilities of $1,055,137. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

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

(a) Interest rate risk

The Company has cash and cash equivalents and periodically monitors the investments it makes and is satisfied with the credit ratings of the financial institutions it deals with and the securities in which its funds are invested.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash and cash equivalents, receivables, excluding GST receivable, refundable mineral exploration tax credits, reclamation deposits, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements through cash forecasting, consideration of current economic conditions and reviews of economic and political commentaries in respect of future developments. Financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

15. CAPITAL MANAGEMENT

At September 30, 2023, the Company had working capital of $31,462,685 (December 31, 2022 – $19,837,914). The Company manages its cash, cash equivalents and common shares as capital. The Company's objectives in managing its capital are to:

- Maintain sufficient cash and cash equivalents to last a minimum of one year;
- Have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- Minimize dilution to existing shareholders.

The Directors have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.