

EXGEN RESOURCES INC.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the period ended September 30, 2023
(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed consolidated interim financial statements and the notes thereto have been prepared by, and are the responsibility of, the management of ExGen Resources Inc. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards using management's best judgments.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants.

Vancouver, Canada
November 9, 2023

"Signed"

Jason Riley
President

"Signed"

Jason Tong
Chief Financial Officer

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash	\$ 3,336,239	\$ 2,628,135
Accounts receivable	78,903	51,045
Prepaid expenses	13,187	9,231
Marketable securities (note 4)	443,781	651,685
	3,872,110	3,340,096
Deposits (note 3)	36,926	34,626
Receivable from sale of royalty (note 6 and 8)	917,078	2,022,194
Investment in associate (note 5)	151,372	170,045
	\$ 4,977,486	\$ 5,566,961

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (notes 7 and 8)	\$ 26,085	\$ 352,077
Shareholders' equity:		
Share capital (note 7)	23,062,276	23,062,276
Reserves (note 7)	628,680	628,680
Contributed surplus (note 7)	4,286,644	4,286,644
Accumulated other comprehensive loss	(421,836)	(186,922)
Deficit	(22,604,363)	(22,575,794)
	4,951,401	5,214,884
	\$ 4,977,486	\$ 5,566,961

Nature of business and going concern (note 1)

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:

(Signed) "Jason Riley" _____ Director

(Signed) "Mark Swartout" _____ Director

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months ended September 30 2023	Three Months ended September 30 2022	Nine Months ended September 30 2023	Nine Months ended September 30 2022
Expenses and other items:				
General and administrative (note 8 and 9)	\$ (19,929)	\$ (75,007)	\$ (172,918)	\$ (162,591)
Professional fees	(3,600)	(47,281)	(183,867)	(83,627)
Project expenditures	(12,746)	(15,616)	(16,548)	(18,595)
Foreign exchange gain (loss)	2,643	(408)	(57)	(601)
Additional consideration on mineral property	-	-	182,033	146,051
Accretion income	35,510	67,782	144,884	199,757
	1,878	(70,530)	(46,473)	80,394
Interest income	17,658	-	35,568	-
Share of gain (loss) of associate (note 5)	159,932	(10,145)	(17,664)	(27,406)
Net income (loss)	\$ 179,468	\$ (80,675)	\$ (28,569)	\$ 52,988
Unrealized loss on investments in marketable securities (note 4)	(98,285)	(291,870)	(233,905)	(694,952)
Foreign currency translation of equity accounted investee (note 5)	(8,560)	10,416	(1,009)	12,443
Comprehensive gain (loss)	72,623	(362,399)	(263,483)	(629,521)
Earnings (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

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

	Number of shares	Share capital	Reserves	Contributed surplus	Shares to be Issued	Accumulated other comprehensive income (loss)	Deficit	Total equity
December 31, 2021	35,093,008	\$ 20,216,265	\$ 186,070	\$ 4,286,644	\$ 60,000	\$ 427,390	\$ (22,007,396)	\$ 3,168,973
Share issuance	28,800,000	2,833,389	-	-	(60,000)	-	-	2,773,389
Net loss	-	-	-	-	-	-	52,988	52,988
Other comprehensive loss	-	-	-	-	-	(682,509)	-	(682,509)
September 30, 2022	63,893,008	\$ 23,049,654	\$ 186,070	\$ 4,286,644	\$ -	\$ (255,119)	\$ (21,954,408)	\$ 5,312,841
Share issuance	-	46,611	-	-	-	-	-	46,611
Share issuance costs	-	(33,989)	-	-	-	-	-	(33,989)
Share-based compensation	-	-	442,610	-	-	-	-	442,610
Net loss	-	-	-	-	-	-	(621,386)	(621,386)
Other comprehensive income (loss)	-	-	-	-	-	68,197	-	68,197
December 31, 2022	63,893,008	\$ 23,062,276	\$ 628,680	\$ 4,286,644	\$ -	\$ (186,922)	\$ (22,575,794)	\$ 5,214,884
Net loss	-	-	-	-	-	-	(28,569)	(28,569)
Other comprehensive loss	-	-	-	-	-	(234,914)	-	(234,914)
September 30, 2023	63,893,008	\$ 23,062,276	\$ 628,680	\$ 4,286,644	\$ -	\$ (421,836)	\$ (22,604,363)	\$ 4,951,401

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Nine months ended September 30,	
	2023	2022
Cash provided by (used in):		
Operations:		
Net income (loss)	\$ (28,569)	\$ 52,988
Non-cash items		
Impairment of mineral properties	16,546	18,595
Accretion income	(144,884)	(199,757)
Consideration on mineral property received in shares	(26,000)	-
Share of loss of associate	17,664	27,405
Change in working capital	889,893	(593,826)
	724,650	(694,595)
Investing:		
Cash used for additions in mineral properties	(16,546)	(18,595)
	(16,546)	(18,595)
Financing:		
Share issuance	-	2,773,388
	-	2,773,888
Change in cash	708,104	2,060,198
Cash, beginning	2,628,135	486,822
Cash, ending	\$ 3,336,239	\$ 2,547,020

See accompanying notes to condensed consolidated interim financial statements.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
Period ended September 30, 2023
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of operations and going concern

ExGen Resources Inc. (the “Company” or “ExGen”) is incorporated under the laws of the Province of Alberta, Canada with incorporation continued in the Province of British Columbia, Canada. The Company’s head office is located at 1240-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. The Company is engaged in the exploration of copper-gold mineral properties in Canada and the United States. The Company’s properties are currently in the exploration stage. Its common shares trade on the TSX Venture Exchange (“TSX-V”).

These condensed consolidated interim financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Several adverse conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption. At September 30, 2023, the Company had working capital of \$3,846,025, an accumulated deficit of \$22,604,363 and generated a net loss of \$28,569 for the period then ended. The Company has incurred operating losses to date and is currently unable to self-finance any future operations. The Company’s ability to continue as a going concern is dependent upon raising additional capital or evaluating strategic alternatives.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed consolidated interim financial statements, adjustments would be necessary in statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation:

(a) Statement of compliance

The condensed consolidated interim financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements and compliance with IFRS were approved by the Board of Directors on November 9, 2023.

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair values and available-for-sale financial assets which are initially recorded at fair value with changes in fair value recorded in other comprehensive income. These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)
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2. Basis of Preparation (continued):

(c) Basis of consolidation

These condensed consolidated interim financial statements comprise the Company and its wholly-owned US subsidiary, 3 Amigos Exploration Inc. and its formerly wholly-owned Canadian subsidiary, Konnex Resources Inc. ("Konnex") up to the date of loss of control, June 29, 2017. On June 29, 2017, the Company's interest in Konnex was reduced to 20% resulting in deconsolidation of Konnex, and Konnex subsequently being accounted for as an associate undertaking (note 5).

Subsidiaries are entities controlled by the Company. Control exists when the Company (i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions are eliminated on consolidation.

(d) Functional and presentational currency

All amounts on the condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

Estimates:

- i) Amounts recorded for mineral properties represent costs incurred to date and are not intended to reflect present or future fair values. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, future production or proceeds from the disposition thereof.
- ii) The determination of the fair value of stock options or warrants using pricing models require the input of highly subjective assumptions, including the expected price volatility and forfeiture rates. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- iii) Deferred tax asset and liability calculations require subjective assumptions regarding future income tax rates and the probability of utilization of available tax losses. Changes in these assumptions could have a material impact on these calculations.
- iv) The estimated annual gains or losses from income and dilution on the investment in associate.
- v) The estimated annual gains or losses on the investment in marketable securities.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
Period ended September 30, 2023
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2. Basis of Preparation (continued):

(e) Use of estimates and judgments (continued):

Estimates:

- vi) The determination of the fair value of shares received under option or sale agreements entered into by the Company requires the use of assumptions. Many factors can impact this determination, including if non-public shares, the underlying asset value of the shares or value of the claims under option or sale. The determination is highly subjective.
- vii) The Company performs ongoing evaluations to assess the probability of collecting its receivable from sale of royalty (Note 6).

Judgments:

- i) The Company is required to make significant judgments regarding the capitalization of exploration expenditures on mineral properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, whether further exploration plans will change, or whether development of a specific area is unlikely to recover existing exploration costs. If any of these indicators are present, management needs to assess whether the mineral property should be impaired.
- ii) Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Mineral claims may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements. The Company is required to make judgements with respect to the going concern assumption that the Company will continue in operation for the foreseeable future.
- iii) Investment in associates - The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

3. Deposits

The Company has reclamation bonds with the Bureau of Land Management in the State of Nevada to ensure the completion of future asset retirement obligations as estimated utilizing a standardized reclamation cost estimating system for the State of Nevada. The Company has made cash deposits and these deposits are not releasable until such time that sufficient reclamation has been completed.

EXGEN RESOURCES INC.

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4. Marketable securities

As at September 30, 2023, the Company held 1,330,000 shares (2022 – 1,330,000 shares) in Phoenix Copper Ltd. (“Phoenix”) (formerly Phoenix Mining Global Ltd.) and 500,000 shares in Mountain Boy Minerals Ltd (2022 – 300,000 shares). During the period ended September 30, 2023, the Company recorded an unrealized loss of \$233,904 (September 30, 2022 – loss of \$694,952).

	September 30, 2023	December 31, 2022
Opening balance	\$ 651,685	\$ 1,224,000
Shares received from mineral properties option agreement	26,000	34,000
Unrealized loss	(233,904)	(606,315)
Ending balance	\$ 443,781	\$ 651,685

5. Investment in associate

On June 29, 2017, Phoenix exercised its option to acquire an 80% ownership in Konnex. Konnex is involved in exploration and evaluation of mineral properties and holds title to the Empire Mine property located in the United States (see note 7). The acquisition by Phoenix diluted the Company’s ownership in Konnex from 100% to 20% resulting in deconsolidation of Konnex and accordingly the Company’s interest in Konnex is recorded as an investment in an associate accounted for using the equity method.

Investment in Konnex	September 30, 2023	December 31, 2022
Opening balance	\$ 170,045	\$ 213,561
Share of loss of Konnex	(17,664)	(35,519)
Equity – other comprehensive loss	(1,009)	(7,997)
Ending balance	\$ 151,372	\$ 170,045

As at	September 30, 2023	December 31, 2022
Current assets ¹	\$ 95,886	\$ 780,362
Non-current assets	40,455,602	36,851,489
Current liabilities	(142,053)	(827,705)
Non-current liabilities	(40,061,997)	(36,367,312)
Net assets	347,438	436,834
The Company’s share of net assets – 20% (2022 – 20%)	\$ 69,488	\$ 87,367

¹ Inclusive of Cash of \$95,886 at September 30, 2023 (\$780,362 – December 31, 2022).

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements

Period ended September 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

6. Mineral properties

Expenditures by activity:

	December 31, 2022	(Proceeds)	September 30, 2023
Property acquisitions	\$ 4,275,737	\$ 16,546	\$ 4,292,283
Lease costs, net of reversals	1,917,970	-	1,917,970
Geological and geophysical services	6,270,302	-	6,270,302
Drilling	3,772,553	-	3,772,553
Impairment	(14,766,088)	(16,546)	(14,782,634)
Deconsolidation	(1,470,474)	-	(1,470,474)
	\$ -	\$ -	\$ -

Expenditures by activity:

	December 31, 2021	(Proceeds)	December 31, 2022
Property acquisitions	\$ 4,260,296	\$ 15,441	\$ 4,275,737
Lease costs, net of reversals	1,913,736	4,234	1,917,970
Geological and geophysical services	6,270,302	-	6,270,302
Drilling	3,772,553	-	3,772,553
Impairment	(14,729,033)	(37,055)	(14,766,088)
Deconsolidation	(1,470,474)	-	(1,470,474)
	\$ 17,380	\$ (17,380)	\$ -

Expenditures by property:

	December 31, 2022	Additions	Impairment	September 30, 2023
Boss	\$ -	\$ 478	\$ (478)	\$ -
Buena Vista	-	12,266	(12,266)	-
Gordon Lake	-	-	-	-
DOK	-	3,802	(3,802)	-
	\$ -	\$ 16,546	\$ (16,546)	\$ -

Expenditures by property:

	December 31, 2021	Additions	Impairment	December 31, 2022
Boss	\$ -	\$ 620	\$ (620)	\$ -
Buena Vista	-	12,106	(12,106)	-
Gordon Lake	17,380	2,715	(20,095)	-
DOK	-	4,234	(4,234)	-
	\$ 17,380	\$ 19,675	\$ (37,055)	\$ -

The Company has no current mineral resources or mineral reserves on any of its properties.

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
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(Unaudited)

6. Mineral properties (continued)

United States Properties

Boss Property

The Company's 100% owned Boss property consists of a lease agreement with a patented claim owner, as well as 2 unpatented mineral claims. The agreement provides for advance royalty payments of \$1,500 per month. On commencement of production, the advance royalty will be converted to a production royalty, which will be equal to a 1.5% Net Smelter Returns ("NSR") royalty on commercial production. The owner can convert the advance royalty payments to a 20% working interest at any time before completion of a feasibility study.

Empire Mine

On July 15, 2015, ExGen, together with Konnex signed an option agreement with Phoenix, for Phoenix to secure an option to acquire 80% of the issued shares of Konnex, which holds the leases to the Empire Mine Project. On November 9, 2016, ExGen, together with Konnex signed an amended option agreement ("Amendment") with Phoenix on the terms and conditions noted below, including a term requiring the return of the Konnex common shares to ExGen in certain circumstances, as discussed further below. The terms of the original option with Phoenix (the "Original Option") remain in place except as amended below.

On September 8, 2021, the Company sold its wholly owned 2.5% NSR royalty on the Empire Mine project to a private company with directors and officers in common for total cash considerations of \$2,750,000 and potential further cash payments depending on the exploration and development milestones achieved on the Empire Mine Project, as outlined below.

Scheduled Cash Payments Totaling \$2,750,000:

- \$500,000 within 10 days of the closing of the NSR Royalty Sale (received);
- \$500,000 on the earlier of: (i) 10 days of the listing of the Purchaser on a stock exchange in Canada or the United States or the Purchaser's shareholders receiving shares of an entity listed on such an exchange; or (ii) 18 months the closing of the NSR Royalty Sale (received); and
- \$1,750,000 in cash payments made in seven \$250,000 cash payments, with the first \$250,000 cash payment made on January 15, 2023 (received), and a further six \$250,000 cash payments made every three months (\$500,000 received).

The discounted value of \$1,683,322 for the scheduled cash payments has been recognized in the statement of comprehensive income as additional consideration from mineral properties and receivables on the statement of financial position. During the period ended September 30, 2023, the Company recognized \$144,884 (2022 - \$199,757) as accretion income. At September 30, 2023, the Company had an amount receivable in relation to the NSR royalty of \$917,078 (December 31, 2022 - \$2,022,194).

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
Period ended September 30, 2023
(Expressed in Canadian dollars)
(Unaudited)

6. Mineral properties (continued)

Empire Mine (continued)

100% of the Empire Mine Project Residual Interest - Milestone Based Contingent Cash Payments:

- \$100,000 on completion of a NI 43-101 compliant Pre-Feasibility Study on the Empire Mine Project; and
- on the date of filing a NI 43-101 compliant Feasibility Study, an additional \$250,000 per each 100,000,000 lbs of copper reserves at the Empire Mine Project as determined by such NI 43-101 compliant Feasibility Study.

Project Participation

- Upon the deposit by Phoenix of USD \$1,000,000 into the Konnex bank account (discussed below under Project Expenditures by Phoenix), 80% of Konnex's common shares were transferred to Phoenix.
- ExGen to retain a 20% carried interest in Konnex until commencement of mine construction.
- ExGen granted a 2.5% net smelter returns royalty for all metals on the Empire Mine Project.
- If any of the cash or share payments, or project expenditure requirements, set out below, are not completed as required pursuant to the Original Option and the Amendment, or if the Original Option is terminated, then the 80% of the Konnex common shares will be returned to ExGen without ExGen paying any consideration.

Cash and Shares

- ExGen to be paid cash payments totaling \$250,000 USD (received).
- ExGen to be issued pre-consolidated 11,300,000 common shares of Phoenix on signing the Original Agreement (received – see note 5).
- ExGen to be paid USD \$100,000 on each anniversary date of the earlier of the Phoenix IPO or March 31, 2017 (the "IPO Anniversary Payment") until the completion of a bankable feasibility study on the Empire Mine Project. During the period ended September 30, 2023, the Company received USD \$100,000 (\$136,033 CAD) (2022 - USD 100,000 (\$126,051 CAD)) from Phoenix to complete their 2023 anniversary payment for Empire Mine (note 6).
- The IPO Anniversary Payment increases 100% to USD \$200,000 for any payment where during the prior 12 months period the minimum expenditures on the Empire Mine Project has not been met (see below for minimum expenditure requirements).

Project Expenditures by Phoenix

- Phoenix to have deposited a minimum of USD \$1,000,000 into the Konnex bank account by the earlier of the Phoenix IPO date or by June 30, 2017 (deposited).
- Phoenix to spend the USD \$1,000,000 on the Empire Mine Project within 12 months of deposit into the Konnex bank account (incurred).

EXGEN RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
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6. Mineral properties (continued)

Empire Mine (continued)

Project Expenditures by Phoenix (continued)

- Phoenix to fund all Empire Mine Project property maintenance and sustaining costs of Konnex.
- Phoenix to spend a minimum of \$500,000 USD on the Empire Mine Project every 12 months until completion of the bankable feasibility study (incurred for 2020).

Deal Protection and Corporate Structure

- Should Phoenix sell its 80% interest in Konnex prior to the commencement of commercial production, ExGen shall have the right but not the obligation to sell its 20% interest in Konnex on the same terms as Phoenix.

On June 29, 2017, Phoenix fulfilled all necessary obligations in order to exercise its option to acquire 80% interest in Konnex.

Buena Vista Property

ExGen acquired an 100% interest in the property located in central Nevada by making expenditures on the property of \$1,000,000 USD, assuming the obligations on 53 unpatented claims, and making cash payments of USD \$80,000 by 2011.

Canadian Properties

Gordon Lake Property

The Company holds 100% interest in the Gordon Lake gold property located in the Northwest Territories.

DOK Property

On May 16, 2011, the Company signed an option agreement with two private property owners to earn a 100% interest in the DOK copper-gold porphyry property in northern British Columbia, Canada. The property consists of 17 contiguous mineral claims covering approximately 18,500 acres. The option agreement was amended on December 15, 2011, April 13, 2014, July 19, 2016, and July 22, 2019.

Under the amended terms of the Option Agreement, the Company has the right to earn a 100% interest in the DOK property by making the following payments and exploration commitments:

- a) Cash payments totaling \$340,000 over six years (paid).
- b) Exploration expenditures totaling \$3,000,000 due as follows:
 - \$500,000 on or before by April 30, 2012 (incurred), and
 - \$2,500,000 on or before April 30, 2025 (amended July 22, 2019 detailed below),
- c) A 3% NSR to the property vendors, of which the Company has the right to repurchase 2% of the NSR at any time prior to the commencement of commercial production for \$2,000,000.

EXGEN RESOURCES INC.

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6. Mineral properties (continued)

DOK Property (continued)

On July 22, 2019, the Company entered into an amending agreement with the following terms replacing the commitment of \$2,500,000 exploration expenditures on or before April 30, 2025:

- \$16,000 on execution of the Amendment (paid);
 - \$20,000 on or before July 19, 2017 (paid);
 - \$40,000 on or before July 19, 2018 (paid);
 - \$50,000 on or before July 19, 2019 (paid);
 - \$90,000 on or before July 19, 2020 (paid); and
- granted a 5-year extension (from April 30, 2020 to April 30, 2025) to incur \$2,537,328 of exploration and development expenditures.

As at September 30, 2023, the Company incurred exploration expenditures totaling \$2,537,328 (2022 - \$2,537,328).

On May 10, 2021, the Company signed an option agreement with Mountain Boy Minerals Ltd. ("Mountain Boy"), whereby Mountain Boy may earn a 60% interest in the DOK property. In order to earn the 60% interest, Mountain Boy must spend \$2,500,000, deliver 1,500,000 shares, and pay \$230,000 to the Company. The first-year requirement is \$30,000 cash, 300,000 shares, and \$150,000 of work, with the balance of the earn-in requirements spread over another four years.

A first payment of \$10,000 was received on May 11, 2021. Remaining cash and share payments owing to the Company and work spend requirements on the DOK property are as follows (on or before the following dates):

Date	Cash	Shares	Work	Cumulative Work
Closing	\$10,000	100,000		
January 15, 2022	\$20,000	200,000	150,000	150,000
January 15, 2023	\$20,000*	200,000*	500,000	650,000
January 15, 2024	\$50,000	200,000	500,000	1,150,000
January 15, 2025	\$60,000	200,000	600,000	1,750,000
January 15, 2026	\$70,000	600,000	750,000	2,500,000

* Shares and cash were received during the period

The Company has substantially completed the earn-in requirements, including all cash payments to the underlying vendors, with the remaining requirement being a further work expenditure on the property of \$500,000 before April 30, 2025 (to hold a 100% interest) subject to a 3% royalty payable to vendors in the underlying agreement, with the Company retaining the right to purchase 2% of the vendor's NSR Royalty.

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7. Share capital

(a) Authorized:

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares without nominal or par value of which none have been issued.

During the period ended September 30, 2023, the Company did not issue any common shares.

On March 10, 2022, the Company issued 28,800,000 shares for gross proceeds of \$2,880,000 and net proceeds of \$2,846,011.

(b) Warrants:

As at September 30, 2023 and December 31, 2022, there were nil warrants outstanding. During the year ended December 31, 2022, 620,000 warrants expired unexercised.

	2023		2022	
	Number of warrants	Amount	Number of warrants	Amount
Outstanding, beginning of period	–	\$ –	620,000	\$ 186,070
Expired	–	–	(620,000)	(186,070)
Outstanding, end of period	–	\$ –	–	\$ –

(c) Share options:

Under the Company's stock option plan, the Company may grant equity-settled options to consultants, officers and directors equal to 10% of the then issued and outstanding common shares. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX-V policies and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

On July 25, 2022, the Company issued 6,375,000 options to current directors, officers and consultants of the Company. The options have an exercise price of \$0.12 and fully vest on grant date, with an expiry date of July 24, 2027. The grant date fair value of the options was \$442,610, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.87%; volatility of 242.5%; dividend rate 0%; forfeiture rate 0%; and expected life of 5 years.

As of September 30, 2023, the Company has 6,375,000 options outstanding (2022 – 6,375,000).

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7. Share capital (continued)

(c) Share options (continued):

	2023		2022	
	Number of options	Amount	Number of options	Amount
Outstanding, beginning of period	6,375,000	\$ 442,610	–	\$ –
Issued	–	–	6,375,000	442,610
Outstanding, end of period	6,375,000	\$ 442,610	6,375,000	\$ 442,610

Options outstanding at September 30, 2023:

Expiry	Exercise Price	Number
July 24, 2027	\$0.12	6,375,000
		<u>6,375,000</u>

Average remaining life of the options outstanding were 3.82 years.

(d) Share-based compensation:

Compensation expense is recognized for stock options granted over the vesting period, being 12.5% on date of grant with a further 12.5% vesting each quarter thereafter. Options granted are non-transferable and expire after ten years. In accordance with the Company's incentive stock option plan, these options have an exercise price equal to or greater than the market price at the date of grant.

(e) Per share amounts:

In computing loss per share, all options and warrants were excluded from the dilution calculation, as they were anti-dilutive. For the period ended September 30, 2023, the weighted average number of common shares outstanding was 63,893,008 (September 30, 2022 – 55,453,447).

8. Related party transactions

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Total compensation to key management personnel of \$127,000 (2022 - \$16,500) consisted of management and consulting fees to officers of the Company.

At September 30, 2023, accounts receivable and receivables on NSR sale included \$950,703 which was owing from a company controlled by officers of the Company (December 31, 2022 - \$2,038,984).

At September 30, 2023, accounts payable and accrued liabilities included \$24,724 which was owing to officers of the Company (December 31, 2022 - \$270,890).

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8. Related party transactions (continued)

Other Related Parties:

During the period ended September 30, 2023, the Company incurred a charge to a spouse of a director of \$11,250 in rent (2022 - \$11,250). At September 30, 2023, accounts payable and accrued liabilities included \$23,750 (December 31, 2022 - \$12,500) relating to such services.

9. General and administrative

Expenditures by nature:

	September 30, 2023	September 30, 2022
Accounting	\$ 27,000	\$ 16,500
Bank fees	962	1,676
Insurance	11,868	11,472
Investor relations and filing fees	2,743	40,697
Listing and transfer agent fees	7,519	14,310
Office fees	3,370	16,686
Rent	11,250	11,250
Travel	108,206	50,000
	<u>\$ 172,918</u>	<u>\$ 162,591</u>

10. Financial instruments and financial risk management

The Company's financial instruments include cash, marketable securities and accounts payable.

Fair value

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily publicly-traded equity investments classified as FVTOCI securities.

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10. Financial instruments and financial risk management (continued)

Risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to market conditions. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included as applicable.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial 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 attributable to cash balances and deposits.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Cash is held with Schedule I Canadian banks, while the deposits are held with a governmental authority. Therefore, management believes the risk of loss to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2023, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of \$26,085 (December 31, 2022 - \$352,077) which have either contractual or expected maturities of less than one year. In order for the Company to settle its expected future obligations the Company will be required to raise funds through private placements. See note 1 for discussion of going concern.

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10. Financial instruments and financial risk management (continued)

Risk management (continued)

(c) Market risk

Market risk consists of currency risk, commodity price risk, other price risk, and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns:

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As the Company has transactions that are denominated in United States dollars the Company is exposed to foreign currency exchange risk. At September 30, 2023, the Company held, disclosed in US Dollars, US cash of \$96,524 (2022 - \$19,553), US deposits of \$27,312 (2022 - \$27,312) and US accounts payable of \$2,000 (2022 - \$2,000). Every \$0.01 change in the foreign exchange rate at September 30, 2023 would have impacted net loss by \$1,272 (2022 - \$575).

The Company is also exposed to fluctuations in the exchange rate between the Canadian dollar and British pounds through its investment in Phoenix (see note 4). At September 30, 2023, the Company held Phoenix shares of \$378,781. Every \$0.01 change in the foreign exchange rate at September 30, 2023 would have impacted other comprehensive income by \$2,294 (2022 - \$3,392).

ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its investments in Phoenix and Mountain Boy shares traded in an active market. A 10% change in the share price, holding other factors consistent, would impact other comprehensive income by \$44,378 (2022 - \$51,205).

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10. Financial instruments and financial risk management (continued)

Risk management (continued)

(c) Market risk (continued)

iv) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no variable rate debt, however is exposed to interest rate risk on its cash or deposits. The Company did not hold any cash equivalents at September 30, 2023 and had no interest rate swap or financial contracts in place at September 30, 2023.