# DLP RESOURCES INC.

## Condensed Interim Consolidated Financial Statements

**For the three and six months ended October 31, 2022 and 2021**
**(Unaudited)**

**Contents**

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, these unaudited condensed interim consolidated financial statements of DLP Resources Ltd. for the three and six months ended October 31, 2022 and 2021 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements.

| | |
|---|---|
| Robin Sudo | Carol Li |
| Chief Financial Officer | Audit Committee |

December 28, 2022

# DLP RESOURCES INC.

## Condensed Interim Consolidated Statements of Financial Position

***(Expressed in Canadian Dollars)***

***(Unaudited)***

| | Notes | October 31, 2022 | April 30, 2022 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | $ 340,031 | $ 1,207,697 |
| Receivables | | 84,852 | 22,657 |
| Prepaid expenses | | 10,937 | 153,731 |
| **Total Current Assets** | | 435,820 | 1,384,085 |
| | | | |
| Mineral properties | 3 | 489,613 | 369,596 |
| Property, plant and equipment | 5 | 60,660 | 12,497 |
| Reclamation deposits | 4 | 150,931 | 101,900 |
| **Total Non-Current Assets** | | 701,204 | 483,993 |
| **Total Assets** | | $ 1,137,024 | $ 1,868,078 |
| | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current** | | | |
| Trade and other payables | | $ 631,119 | $ 75,393 |
| Flow through share premium | 6 | 87,621 | 84,227 |
| **Total Current Liabilities** | | 718,740 | 159,620 |
| **Total Liabilities** | | 718,740 | 159,620 |
| | | | |
| **Shareholders' Equity** | | | |
| Share capital | 6 | 6,974,236 | 6,512,538 |
| Share-based payment reserves | 7 | 846,318 | 790,464 |
| Share subscriptions received | 6 | 250,000 | - |
| Accumulated deficit | | (7,652,270) | (5,594,544) |
| **Total Shareholders' Equity** | | 418,284 | 1,708,458 |
| **Total Liabilities and Shareholders' Equity** | | $ 1,137,024 | $ 1,868,078 |

Refer Note 1 for nature of basis and going concern and Note 12 for subsequent events.

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

On behalf of the Board:

*James Stypula* **Director**

*Carol Li* **Director**

# DLP RESOURCES INC.

## Condensed Interim Consolidated Statements of Comprehensive Loss

*(Expressed in Canadian Dollars)*

*(Unaudited)*

| | Notes | Three months ended October 31, 2022 | Three months ended October 31, 2021 | Six months ended October 31, 2022 | Sx months ended October 31, 2021 |
|---|---|---|---|---|---|
| General and administrative | | | | | |
| Salaries and benefits | 8 | $ 80,197 | $ 61,120 | $ 153,250 | $ 122,643 |
| Stock-based compensation | 7 | 21,014 | 3,994 | 52,850 | 12,108 |
| Consulting fees | | 78,000 | 29,900 | 96,500 | 56,500 |
| Exploration costs | 3 & 8 | 1,075,559 | 175,237 | 1,738,203 | 565,924 |
| Office and administrative | | 18,542 | 24,230 | 40,688 | 48,915 |
| Transfer agent and filing fees | | 8,562 | 20,710 | 10,900 | 31,588 |
| Listing costs | | 18,315 | 32,280 | 18,315 | 32,280 |
| Professional fees | | 43,823 | 39,557 | 50,584 | 57,935 |
| Travel | | 792 | 7,897 | 5,365 | 9,993 |
| Depreciation expenses | 5 | 2,630 | 1,025 | 5,217 | 1,422 |
| Foreign exchange gain | | (5,149) | - | (11,540) | - |
| Flow-through share premium recovery | 6 & 8 | (18,379) | (17,551) | (102,606) | (29,551) |
| **Loss before income taxes** | | 1,323,906 | 378,399 | 2,057,726 | 909,757 |
| **Net loss and comprehensive loss for the period** | | $ 1,323,906 | $ 378,399 | $ 2,057,726 | $ 909,757 |
| **Loss per share** | | | | | |
| Weighted average shares outstanding - basic and diluted | | 78,196,559 | 72,989,455 | 77,647,103 | 71,226,289 |
| Loss per share - basic and diluted | | $ 0.02 | $ 0.01 | $ 0.03 | $ 0.01 |

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

## DLP RESOURCES INC.

**Condensed Interim Consolidated Statements of Changes in Equity**

***(Expressed in Canadian Dollars)***

***(Unaudited)***

| | Number of shares issued and outstanding | Share capital | Share-based payment reserve | Share subscription Received | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance, May 1, 2021** | **66,512,136** | **$ 4,459,967** | **$ 317,294** | **$ 300,000** | **$ (3,742,934)** | **$ 1,334,327** |
| Shares issued for cash | | | | | | |
| Private placement, net of issue costs (Note 6) | 1,200,000 | 288,567 | - | (300,000) | - | (11,433) |
| Private placement, net of issue costs (Note 6) | 4,333,967 | 957,845 | 269,828 | - | - | 1,227,673 |
| Private placement, net of issue costs (Note 6) | 1,000,001 | 287,262 | - | - | - | 287,262 |
| Private placement, net of issue costs (Note 6) | 170,000 | 51,000 | - | - | - | 51,000 |
| Shares issued on warrants exercised | 292,760 | 44,348 | (14,322) | - | - | 30,026 |
| Issued for other consideration | | | | | | |
| Finder's warrants (Note 6) | - | (15,334) | 15,334 | - | - | - |
| Flow through share premium (Note 6) | - | (89,000) | - | - | - | (89,000) |
| Stock-based compensation (Note 7) | - | - | 12,108 | - | - | 12,108 |
| Net loss for the period | - | - | - | - | (909,757) | (909,757) |
| **Balance, October 31, 2021** | **73,508,864** | **$ 5,984,655** | **$ 600,242** | **$ -** | **$ (4,652,691)** | **$ 1,932,206** |
| | | | | | | |
| **Balance, May 1, 2022** | **77,097,646** | **$ 6,512,538** | **$ 790,464** | **$ -** | **$ (5,594,544)** | **$ 1,708,458** |
| Shares issued for cash | | | | | | |
| Private placement, net of issue costs (Note 6) | 2,120,000 | 507,698 | 3,004 | - | - | 510,702 |
| Issued for other consideration | | | | | | |
| Flow through share premium (Note 6) | - | (106,000) | - | - | - | (106,000) |
| Issuance of performance shares (Note 6 & 8) | 300,000 | 60,000 | - | - | - | 60,000 |
| Stock-based compensation (Note 7) | - | - | 52,850 | - | - | 52,850 |
| Share subsriptions received (Note 6) | - | - | - | 250,000 | - | 250,000 |
| Net loss for the period | - | - | - | - | (2,057,726) | (2,057,726) |
| **Balance, October 31, 2022** | **79,517,646** | **$ 6,974,236** | **$ 846,318** | **$ 250,000** | **$ (7,652,270)** | **$ 418,284** |

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

# DLP RESOURCES INC.
## Condensed Interim Consolidated Statements of Cash Flows
*(Expressed in Canadian Dollars)*
*(Unaudited)*

| | Notes | Six months ended October 31, 2022 | Six months ended October 31, 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the period | | $ (2,057,726) | $ (909,757) |
| Adjustment to reconcile loss | | | |
| to net cash used in operating activities: | | | |
| Stock-based compensation | 7 | 52,850 | 12,108 |
| Amortization expenses | 5 | 5,217 | 1,422 |
| Issuance of performance shares | 6 & 8 | 60,000 | - |
| Flow-through share premium recovery | 6 | (102,606) | (29,551) |
| Changes in non-cash working capital balances: | | | |
| (Increase)/decrease in receivables | | (62,195) | 7,652 |
| Decrease in prepaid expenses | | 142,794 | 10,896 |
| Increase/(decrease) in trade and other payables | | 555,726 | (139,237) |
| **Total cash outflows from operating activities** | | **(1,405,940)** | **(1,046,467)** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 5 | (53,380) | - |
| Increase in reclamation deposits | 4 | (49,031) | (35,800) |
| Investment in mineral properties | 3 | (120,017) | (99,746) |
| **Total cash outflows from investing activities** | | **(222,428)** | **(135,546)** |
| **Cash flows from financing activities** | | | |
| Proceeds from share issuances | 6 | 530,000 | 1,651,190 |
| Share subscriptions received | 6 | 250,000 | (96,688) |
| Share issue costs | 6 | (19,298) | 30,026 |
| **Total cash inflows from financing activities** | | **760,702** | **1,584,528** |
| **Total increase in cash during the period** | | **(867,666)** | **402,515** |
| **Cash and cash equivalents, beginning of period** | | **1,207,697** | **1,154,193** |
| **Cash and cash equivalents, end of period** | | **$ 340,031** | **$ 1,556,708** |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

MG Capital Corporation ("MG" or the "Company") is a publicly traded mineral exploration company and was pursuing opportunities relating to the acquisition and exploration of mineral property interests in British Columbia, Canada. The Company was incorporated on November 9, 2017 under the laws of Alberta. The registered office and records office of the Company is located at 10th Floor, 595 Howe St., Vancouver, V6C 2T5, British Columbia, Canada. The Company's Head Office is located at #201 – 135 – 10th Ave. S., Cranbrook, V1C 2N1, British Columbia, Canada.

On November 14, 2019, the Company completed a reverse asset transaction pursuant to an amalgamation agreement with DLP Resources Inc. ("DLP"), a private mineral exploration company. Subsequently, DLP became the wholly owned subsidiary of MG. MG was trading on TSX Venture Exchange under the symbol of DLP.V as of November 24, 2019. For accounting purposes, the amalgamation is accounted for as a reverse asset acquisition as the shareholders of DLP acquired control of the consolidated entity. DLP is considered the acquiring and continuing entity and MG was the acquired entity.

On January 6, 2021, MG Capital changed its name to "DLP Resources (2020) Limited". On January 25, 2021, DLP Resources (2020) Limited and its wholly owned subsidiary DLP Resources Inc. completed a vertical amalgamation and subsequently changed the amalgamated entity's name to "DLP Resources Inc." The amalgamation streamlined the Company's mining exploration activities under a single corporate entity and reduce corporate and operational expenses.

These condensed interim consolidated financial statements comprise the financial statements of DLP Resources Inc. and its wholly owned subsidiary, DLP Resources Peru S.A.C., incorporated in Peru.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At October 31, 2022, the Company had no source of operating revenues, had not yet achieved profitable operations and the Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. As at October 31, 2022, the Company has an accumulated deficit of $7,652,270 and has working capital deficit of $282,920. The Company's current forecast indicates that it is expected to have sufficient cash available for the next year to continue as a going concern.

## 2. BASIS OF PRESENTATION

### b) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the three and six months ended October 31, 2022 and 2021 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the year ended April 30, 2022, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited financial statements for the year ended April 30, 2022.

These Interim Financial Statements were approved for issue by the board of directors on December 28, 2022.

### b) Basis of measurement

The Interim Financial Statements have been prepared on a historical cost basis.

These Interim Financial Statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of DLP Resources Peru S.A.C. is also the Canadian dollar.

The accounting policies have been applied consistently in these Interim Financial Statements, unless otherwise indicated.

### c) Basis of consolidation

These Interim Financial Statements include the accounts of the Company and its wholly-owned and controlled subsidiary as described in Note 1. Control exists when the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the Interim Financial Statements from the date that control commences until the date that control ceases. Prior to the amalgamation on January 25, 2021, the consolidated financial statements included the accounts of DLP Resources Inc. and MG Capital Corp. Legally, MG Capital Corp. owned DLP Resources Inc., however, for accounting and presentation purposes, DLP Resources Inc. was the parent entity. All intercompany transactions and balances have been eliminated upon consolidation.

### d) Judgments and estimates

The preparation of financial statements in compliance with IFRS requires management to exercise judgment in applying the Company's accounting policies and make certain critical accounting estimates. The areas involving critical judgments in applying accounting policies have the biggest impact on the assets and liabilities recognized in the financial statements)

**Economic recoverability and probability of future economic benefits of mineral properties**

Management has determined that acquisition costs, which are capitalized as mineral properties (Note 3), have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit that may include geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

*(Expressed in Canadian Dollars)*

**Determination of fair value on contributed mineral property assets by related parties**

Assets contributed to the Company by related parties are to be recorded at an exchange fair value comparable to an arms-length transaction. As there is no market value for mineral property assets contributed, judgement was used in determining the fair value measurement of the contributed mineral property assets. The Company determined the fair value of the mineral property assets is consistent with the fair value of Common Shares issued to the related parties in accordance with IFRS 2.

**Going concern evaluation.**

As discussed in Note 1, these Interim Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Interim Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material.

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

## 3. MINERAL PROPERTIES

| | Aldridge 1 | Aldridge 2 | Redburn | Hungry Creek | DD | Moby Dick | NZOU | Aurora Peru | Copper Creek | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net book value, April 30, 2022** | $ 69,458 | $ 38,407 | $ 10,000 | $ 84,798 | $ 20,000 | $ 461 | $ 28,875 | $ 97,828 | $ 19,769 | $ 369,596 |
| Additions | - | - | - | - | - | - | - | 120,017 | - | 120,017 |
| **Net book value, October 31, 2022** | **$ 69,458** | **$ 38,407** | **$ 10,000** | **$ 84,798** | **$ 20,000** | **$ 461** | **$ 28,875** | **$217,845** | **$ 19,769** | **$ 489,613** |

**Aldridge 1 (RJ) and Aldridge 2 (JR) Properties**

The Aldridge 1 (RJ) and Aldridge 2 (JR) mineral properties are separate claim blocks located near Cranbrook B.C. in the East Kootenay region of the province. The Aldridge 1 property is 46 claims totaling 15,318.14 hectares; the Aldridge 2 property is 6 claims totaling 1,939.5 hectares.

On March 1, 2020, the Company entered into a property earn-in agreement (the "Earn-In Agreement") with each of Jonathan Sean Kennedy, R.D. Craig Kennedy, Darlene E. Lavoie, Thomas Peter James Kennedy, Michael Cameron Kennedy and Frederick A. Cook (for Salt Spring Imaging, Ltd.) (together, the "Field Experts"). Under the Earn-In Agreement, the Field Experts have agreed to grant to the Company an option to acquire up to a 100% interest in certain mineral claims: four (4) Son of Captain claims totaling 126.75 ha and the Liger claim totaling 84.31 ha.

In order to exercise the option to acquire a 100% interest in the properties (Aldridge 1, Aldridge 2, and Hungry Creek), the Company will issue an aggregate of 450,000 common shares of the Company (the "Earn-In Shares") through the issuance of 112,500 Earn-In Shares per year, over a four-year period, issuable to the Field Experts on a pro-rata basis. As at October 31, 2022, a total of 337,500 Earn-In Shares have been issued.

Upon completion of the Earn-In Agreement, the Field Experts shall be entitled to a 1% Net Smelter Royalty ("NSR") payable on each of the Properties, with the Company being able to buy back such NSR royalties in exchange for an aggregate of $1,000,000, payable to the Field Experts on a pro-rata basis at the Company's discretion.

For the three and six months ended October 31, 2022, the Company recovered $nil and $385 (2021 – spent $7,653 and $50,327), respectively, on both Aldridge properties.

**Redburn Creek Property**

The Redburn Creek claims are 12 claim blocks totaling 5,359.5 hectares near Golden, B.C.

The property is owned 100% by the Company and has no ongoing commitments.

For the three and six months ended October 31, 2022, the Company spent $14,548 and $14,648 (2021 - $2,798 and $11,988), respectively, on the Redburn Creek property.

**Hungry Creek Property**

The Hungry Creek Property, totalling 38,685.5 hectares, is comprised of 73 claims (72 claims 100% owned by the Company and 1 claim optioned from the Kennedy Group) and is located west of Kimberley, B.C.

On March 1, 2020, the Company entered into the Earn-In Agreement which added one additional Hungry Miner claim, totaling 62.67 ha, to the property.

For the three and six months ended October 31, 2022, the Company spent $353,483 and $521,719 (2021 - $132,590 and $281,906), respectively, on the Hungry Creek property.

**DD Property**

On July 13, 2020, the Company entered into an option agreement to acquire up to a 75% interest in certain mineral claims known as the DD Property, located in BC.

In order exercise the option agreement, and earn an aggregate 75% interest in the property, the Company is required to complete the following terms:

- The Company can earn a 50% undivided interest in the DD Property by incurring $4 million in exploration expenditures and making a total of $250,000 cash payments to the optionor over 48 months from the effective date of the option agreement.
- The Company will have the right to earn an additional undivided 25% interest (bringing their total interest to 75%) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the option agreement.

Upon the Company's exercise of the option agreement and acquisition of a 50% or 75% interest in the DD Property, the parties will enter into a joint venture agreement for the further development of the property.

Upon the deemed exercise of the option agreement, the Company will have the right to purchase 50% of a pre-existing NSR of 2.0% [being a 1.0% NSR (0.5% from each individual comprising the underlying NSR holders)], for $1,000,000.

For the three and six months ended October 31, 2022, the Company spent $nil and $6,783 (2021 - $622 and $172,679), respectively, on the DD property. As of October 31, 2022, the Company spent $1,241,671 exploration expenditures on the DD property and made total cash payments of $20,000 to the optionor.

**Moby Dick Property**

On June 26, 2020, the Company staked the Moby Dick claim totaling 527.27 ha which adjoins the DD Property. The property is 100% owned by the Company.

For the three and six months ended October 31, 2022, the Company spent $nil and $271,278 (2021 - $10,961 and $14,880), respectively, on the Moby Dick property.

**NZOU Property**

On August 17, 2020, the Company entered into an option agreement with 453999 BC Ltd. ("453") to acquire up to a 100% interest on one mineral claims, totaling 695.7 ha, known as the NZOU Property.

Under the terms of the option agreement, the Company will earn a 51% interest in the NZOU Property by:

- incurring exploration expenditures of $15,000 by December 1, 2020 (incurred).
- issuing 75,000 common shares to 453 within 20 days of the date upon which the TSX Venture Exchange approves the option agreement (issued);
- issuing 75,000 common shares to 453 by February 28, 2021 (issued);
- incurring exploration expenditures of $50,000 by December 31, 2021 (incurred);
- issuing 75,000 common shares to 453 by February 28, 2022 (issued); and
- issuing 75,000 common shares to 453 by February 28, 2023.

The Company can earn an additional 25% interest, bringing their total interest in the property to 75%, by making a cash payment of $100,000 to 453 by December 31, 2024.

The Company can earn an additional 25% interest, bringing their total interest in the property to 100%, by issuing 100,000 common shares to 453 by December 31, 2025.

453 will retain a 2.0% of NSR on the property. The Company will be entitled at any time to purchase up to 50% of the Royalty (being equal to 1.0% of NSR) from 453 for cash consideration of $1,000,000.

For the three and six months ended October 31, 2022, the Company spent $nil and $2,695 (2021 - $7,067 and $9,840), respectively, on the NZOU property.

**Aurora – Peru Property**

On May 18, 2021, the Company signed a letter of intent with SMRL Parobamba II ("**SP II"**) whereby DLP can acquire a 100% interest (the "**Option**") in the Aurora porphyry copper-molybdenum deposit (the "**Aurora Project**").

In order to earn an undivided 100% ownership interest in the Aurora Project in accordance with the Option, DLP must make the following cash payments to SP II (all of which include all applicable taxes) and incur exploration expenditures on the Aurora Project as follows:

*(Expressed in Canadian Dollars)*

| Event | Cash Payments (Cumulative) | Property Work Commitment (Cumulative) |
|---|---|---|
| Execution of letter of intent | US$5,000 (paid) | Nil |
| Signing of option agreement | US$75,000 (paid) | Nil |
| The latest of 6 months from the date of execution of the option agreement, or the date on which the last of the permits required for drilling the Aurora Project is approved and issued (the "**Effective Date**") | US$150,000 (paid) | Nil |
| Within 12 months of the Effective Date | US$225,000 | US$400,000 |
| Within 18 months of the Effective Date | US$300,000 | |
| Within 24 months of the Effective Date | US$400,000 | US$950,000 |
| Within 30 months of the Effective Date | US$475,000 | |
| Within 36 months of the Effective Date | US$675.000 | US$1,750,000 |
| Within 42 months of the Effective Date | US$750,000 | |
| Within 48 months of the Effective Date | US$3,000,000 | US$3,000,000 |
| | **US$3,000,000** | **US$3,000,000** |

For the three and six months ended October 31, 2022, the Company spent $608,744 and $816,209 (2021 - $13,028 and $23,786), respectively, on the Aurora Project.

**Copper Creek Property**

On August 24, 2021, the Company staked the Copper Creek claim totaling 11,129.74 hectares north of Kimberly, B.C. For the three and six months ended October 31, 2022, the Company spent $98,459 and $101,907 (2021 - $nil), respectively, on the Copper Creek Property.

**Exploration costs**

For the three and six months ended October 31, 2022, the Company incurred $1,075,559 and $1,737,379 (2021 - $175,237 and $565,924), respectively, on exploration costs on its properties. The following tables summarized the exploration costs incurred.

***(Expressed in Canadian Dollars)***

**Three months ended October 31, 2022**

| Exploration Costs | General | Aldridge 1 | Aldridge 2 | Redburn | Hungry Creek | DD | Moby Dick | NZOU | Aurora - Peru | Copper Creek | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Geology | $ - | $ - | $ - | $ 550 | $ 168,609 | $ - | $ - | $ - | $ 13,616 | $ 11,275 | $ 194,050 |
| Geophysics | - | - | - | - | - | - | - | - | - | 10,234 | 10,234 |
| Geochemistry | - | - | - | 13,106 | - | - | - | - | - | - | 13,106 |
| Drilling | 325 | - | - | - | 167,715 | - | - | - | 432,329 | 71,273 | 671,642 |
| Wages/Travel/Admin | - | - | - | 572 | 16,383 | - | - | - | 162,534 | 5,214 | 184,703 |
| Maps & Reproductions | - | - | - | 320 | 776 | - | - | - | 265 | 463 | 1,824 |
| **Total** | **$ 325** | **$ -** | **$ -** | **$ 14,548** | **$ 353,483** | **$ -** | **$ -** | **$ -** | **$ 608,744** | **$ 98,459** | **$ 1,075,559** |

**Three months ended October 31, 2021**

| Exploration Costs | General | Aldridge 1 | Aldridge 2 | Redburn | Hungry Creek | DD | Moby Dick | NZOU | Aurora - Peru | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Geology | $ - | $ 1,545 | $ - | $ 773 | $ 34,403 | $ 515 | $ 2,833 | $ 2,060 | $ - | $ 42,129 |
| Geophysics | - | 5,400 | - | - | 6,120 | - | - | - | - | 11,520 |
| Geochemistry | - | - | - | 818 | - | - | - | - | - | 818 |
| Drilling | - | - | - | - | 75,597 | - | 2,196 | 2,196 | - | 79,989 |
| Wages/Travel/Admin | 182 | 643 | - | 1,207 | 14,069 | 107 | 5,932 | 2,811 | 12,768 | 37,719 |
| Maps & Reproductions | 336 | 65 | - | - | 2,401 | - | - | - | 260 | 3,062 |
| **Total** | **$ 518** | **$ 7,653** | **$ -** | **$ 2,798** | **$ 132,590** | **$ 622** | **$ 10,961** | **$ 7,067** | **$ 13,028** | **$ 175,237** |

**Six months ended October 31, 2022**

| Exploration Costs | General | Aldridge 1 | Aldridge 2 | Redburn | Hungry Creek | DD | Moby Dick | NZOU | Aurora - Peru | Copper Creek | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Geology | $ - | $ - | $ - | $ 550 | $ 253,946 | $ 2,695 | $ 17,978 | $ 2,695 | $ 38,160 | $ 12,925 | $ 328,949 |
| Geophysics | - | - | - | - | - | - | - | - | - | 10,234 | 10,234 |
| Geochemistry | - | - | - | 13,106 | - | - | - | - | - | - | 13,106 |
| Drilling | 2,325 | - | - | - | 240,292 | 2,615 | 237,569 | - | 482,545 | 71,273 | 1,036,619 |
| Wages/Travel/Admin | - | (385) | - | 572 | 26,258 | 1,051 | 15,731 | - | 294,766 | 6,629 | 344,622 |
| Maps & Reproductions | 200 | - | - | 420 | 1,223 | 422 | - | - | 738 | 846 | 3,849 |
| **Total** | **$ 2,525** | **$ (385)** | **$ -** | **$ 14,648** | **$ 521,719** | **$ 6,783** | **$ 271,278** | **$ 2,695** | **$ 816,209** | **$ 101,907** | **$ 1,737,379** |

**Six months ended October 31, 2021**

| Exploration Costs | General | Aldridge 1 | Aldridge 2 | Redburn | Hungry Creek | DD | Moby Dick | NZOU | Aurora - Peru | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Geology | $ - | $ 1,545 | $ 1,030 | $ 8,690 | $ 39,623 | $ 6,953 | $ 2,833 | $ 2,060 | $ - | $ 62,734 |
| Geophysics | - | 40,025 | - | - | 31,091 | - | - | - | - | 71,116 |
| Geochemistry | - | - | - | 818 | - | - | - | - | - | 818 |
| Drilling | - | - | - | - | 181,315 | 150,351 | 2,196 | 2,196 | - | 336,058 |
| Wages/Travel/Admin | 182 | 4,425 | 2,857 | 2,380 | 27,176 | 15,375 | 9,851 | 5,584 | 23,526 | 91,356 |
| Maps & Reproductions | 336 | 330 | 115 | 100 | 2,701 | - | - | - | 260 | 3,842 |
| **Total** | **$ 518** | **$ 46,325** | **$ 4,002** | **$ 11,988** | **$ 281,906** | **$ 172,679** | **$ 14,880** | **$ 9,840** | **$ 23,786** | **$ 565,924** |

## 4. RECLAMATION DEPOSITS

Reclamation bonds are non-interesting bearing funds posted by the Company and held by the BC Government to cover future liabilities concerning un-reclaimed disturbance created by the Company for permitted work performed. The total bond dollars required for each property is determined by the Ministry of Energy and Mines. The bond funds are returned to the Company once the permitted work for a property is completed, and reclamation work is done to a standard approved by the ministry.

As at October 31, 2022, the Company has reclamation bonds on the following properties:

| Reclamation Bonds | October 31, 2022 | April 30, 2022 |
|---|---|---|
| Aldridge 1 | $ 10,850 | $ 10,850 |
| Aldridge 2 | 3,000 | 3,000 |
| Hungry Creek | 48,250 | 24,250 |
| DD Property | 28,000 | 28,000 |
| Moby Dick | 35,800 | 35,800 |
| Copper Creek | 25,031 | - |
| **Total** | **$ 150,931** | **$ 101,900** |

*(Expressed in Canadian Dollars)*

## 5. PROPERTY AND EQUIPMENT

| | Office Furniture & Equipment | Computer | Vehicle | Total |
|---|---|---|---|---|
| Balance - May 1, 2021 | $ 13,858 | $ 793 | $ - | $ 14,651 |
| Additions - cost | - | 705 | - | 705 |
| Accumulated depreciation and amortization | (2,626) | (233) | - | (2,859) |
| **Net book value, April 30, 2022** | **$ 11,232** | **$ 1,265** | **$ -** | **$ 12,497** |
| Additions - cost | 2,682 | 806 | 49,891 | 53,379 |
| Accumulated depreciation and amortization | (1,257) | (217) | (3,742) | (5,216) |
| **Net book value, October 31, 2022** | **$ 12,657** | **$ 1,854** | **$ 46,149** | **$ 60,660** |

## 6. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A Common Shares with no par value.

**Share capital**

***Activities for the six months ended October 31, 2022***

On September 16, 2022, the Company completed a private placement via the issuance of 2,120,000 FT Shares at a price of $0.25 per FT Share for gross proceeds of $530,000. In connection with the private placement, the Company paid cash finders' fees of $10,150 and legal fees of $9,148. The Company also issued 40,600 finders' warrants, each finders' warrant entitles the holder to acquire one common share of the company at a price of $0.25 per share, for a period of 18 months from the closing of the financing.

On October 12, 2022, the Company issued 300,000 common shares of the Company at a deemed price of $0.20 per share to the President and CEO of the Company pursuant to a performance shares agreement dated December 14, 2021 in consideration for certain exploration, supervisory and geological services provided to the Company.

As at October 31, 2022, the Company incurred $788,708 of qualified flow-through expenditures and recognized a $102,606 flow-through share premium recovery on the statement of comprehensive loss.

As at October 31, 2022, the Company had received $250,000 in share subscriptions for a private placement completed subsequent to period end (Note 12).

***Activities for the six months ended October 31, 2021***

On May 3, 2021, the Company completed a private placement via the issuance of 1,200,000 FT Shares at a price of $0.25 per FT Share for gross proceeds of $300,000. In connection with the private placement, the Company paid cash finders' fees of $3,500 and legal fees of $7,933. As at October 31, 2022, the Company incurred the required qualified flow through expenditures and recognized a $12,000 flow through share premium recovery on the statement of comprehensive loss.

On June 23, 2021, the Company completed a private placement via the issuance of 4,333,967 units at a price of $0.30 per unit for gross proceeds of $1,300,190. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.40 per share, for a period of 12 months following the issuance of the Warrant. The Company paid cash finders' fees totaling $51,869 and legal fees totaling $20,648. The Company also issued 172,898 finders' warrants, having the same terms as the Warrants.

***(Expressed in Canadian Dollars)***

On August 10, 2021, the Company completed a private placement via the issuance of 1,000,001 FT Shares at a price of $0.30 per FT Share for gross proceeds of $300,000. In connection with the private placement, the Company paid cash finders' fees of $9,485 and legal fees of $3,253. As at October 31, 2021, the Company incurred $87,755 of qualified flow through expenditures and recognized a $17,551 flow through share premium recovery on the statement of comprehensive loss. The Company also issued 31,617 finders' warrants, each finders' warrant entitles the holder to acquire one common share of the Company at a price of $0.30 per share, for a period of 18 months from the closing of the financing.

On October 8, 2021, the Company completed a private placement via the issuance of 170,000 FT Shares at a price of $0.30 per FT Share for gross proceeds of $51,000.

On October 28, 2021, 292,760 warrants with a weighted average exercise price of $0.10 were exercised for gross proceeds of $30,026.

## 7. WARRANTS AND OPTIONS

### a) Warrants

On June 23, 2021, in connection with the private placement, the Company issued an aggregate of 4,333,967 non-transferable warrants to certain eligible holders. In addition, the Company issued 172,898 non-transferable warrants to certain eligible finders.

On August 10, 2021, in connection with the private placement, the Company issued 31,617 non-transferrable warrants to certain eligible finders.

On September 16, 2022, in connection with the private placement, the Company issued 40,600 non-transferrable warrants to certain eligible finders.

As of October 31, 2022, the Company had outstanding and exercisable warrants as follows:

| | Warrants | Exercise price (C$) | Fair value (C$) | Expiry Date |
|---|---|---|---|---|
| **Outstanding at May 1, 2021** | **1,115,188** | **0.15** | - | |
| Issued for finders | 172,898 | 0.40 | 11,319 | June 23, 2023 |
| Issued for private placement | 4,333,967 | 0.40 | 269,828 | June 23, 2023[(a)] |
| Issued for finders | 31,617 | 0.30 | 4,015 | February 9, 2023 |
| Issued for private placement | 1,560,000 | 0.40 | 107,639 | December 29, 2023 |
| Issued for finders | 199,500 | 0.25 | 18,354 | December 29, 2023 |
| Warrants exercised | (574,042) | 0.10 | (28,082) | |
| **Outstanding at April 30, 2022** | **6,839,128** | **0.38** | | |
| Issued for finders | 40,600 | 0.25 | 3,004 | March 16, 2024 |
| Warrants expired | (541,146) | 0.25 | (110,332) | |
| **Outstanding at October 31, 2022** | **6,297,982** | **0.39** | | |

(a) During the year ended April 30, 2022, the Company received approval from the TSX Venture Exchange for a one-year extension to the term of these share purchase warrants.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the finder's warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the finder's warrants issued. The weighted average assumptions used in this pricing model, and the resulting fair values per finder's warrant for those issued during the six months ended October 31, 2022 and 2021 were as follows:

*(Expressed in Canadian Dollars)*

| | 2022 | 2021 |
|---|---|---|
| Risk-free rate: | 3.79% | 0.43 to 0.48% |
| Expected life: | 1.5 years | 1 to 1.5 years |
| Expected volatility: | 90.38% | 103.62% to 130.21% |
| Expected dividends: | Nil | Nil |
| Weighted average fair value per warrant: | $0.07 | $0.32 |

**b) Stock Options**

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

During the six months ended October 31, 2022, the Company granted 200,000 incentive stock options (2021 – nil) to a consultant with an exercise price of $0.20 for a five-year period.

The total stock-based compensation expense for the three and six months ended October 31, 2022 was $21,014 and $52,850 (2021 – $3,994 and $12,108), respectively.

As at October 31, 2022, the Company's outstanding share options were as follows:

| | Stock Options | Weighted average exercise price (C$) |
|---|---|---|
| **Outstanding at May 1, 2021** | 1,270,000 | 0.15 |
| Granted | 800,000 | 0.20 |
| Expired | (120,000) | (0.21) |
| **Outstanding at April 30, 2022** | 1,950,000 | 0.18 |
| Granted | 200,000 | 0.20 |
| **Outstanding at October 31, 2022** | **2,150,000** | **0.18** |

| Expiry Date | Exercise Price | Number outstanding | Weighted-average remaining contractual life (years) | Number exercisable |
|---|---|---|---|---|
| June 1, 2025 | $0.15 | 1,000,000 | 2.59 | 1,000,000 |
| July 29, 2025 | $0.29 | 150,000 | 2.75 | 150,000 |
| November 29, 2024 | $0.20 | 150,000 | 2.08 | 75,000 |
| November 29, 2026 | $0.20 | 650,000 | 4.08 | 216,667 |
| July 27, 2027 | $0.20 | 200,000 | 4.74 | 66,667 |
| **Outstanding at October 31, 2022** | | **2,150,000** | **3.21** | **1,508,333** |

***(Expressed in Canadian Dollars)***

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The assumptions used in this pricing model, and the resulting weighted average fair values per option for those granted during the six months ended October 31, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Risk-free rate: | 2.65% | Nil |
| Expected life: | 5 years | Nil |
| Expected volatility: | 130% | Nil |
| Expected dividends: | Nil | Nil |
| Weighted average fair value per options: | $0.19 | $Nil |

## 8. RELATED PARTY TRANSACTIONS

a) The Company's related parties include key management personnel and directors and any transactions with such parties for goods and/or services are made on regular commercial terms and are considered to be at arm's length. Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and comprise the Chief Executive Officer, Chief Financial Officer, and the Executive Chairman of the Company.

The Company incurred the following transaction with key management personnel for the three and six months ended October 31, 2022:

| | **Three months ended October 31, 2022** | **Three months ended October 31, 2021** |
|---|---|---|
| Salaries and benefits | $ 64,350 | $ 61,120 |
| Salaries included in exploration costs | 33,000 | 33,750 |
| Consulting fees | 60,000 | - |
| Stock-based compensation | 14,090 | 3,994 |
| | **$ 171,440** | **$ 98,864** |

| | **Six months ended October 31, 2022** | **Six months ended October 31, 2021** |
|---|---|---|
| Salaries and benefits | $ 130,992 | $ 122,643 |
| Salaries included in exploration costs | 63,708 | 67,500 |
| Consulting fees | 60,000 | - |
| Stock-based compensation | 30,027 | 12,108 |
| | **$ 284,727** | **$ 202,251** |

b) In connection with the mineral property assets to the Company (Note 3), 2 directors shall retain and be entitled to a royalty (the "Royalty") entitling 2 directors to 0.5% each (total of 1%) of all Net Smelter Returns on the area currently comprising the mineral claims named "JR 1", "JR 2" and "JR 3" (collectively, the "Royalty Area") in accordance with the terms and conditions set out. The Royalty shall constitute an interest in land and will be a covenant running with the Royalty Area.

***(Expressed in Canadian Dollars)***

c) On October 12, 2022, the Company issued 300,000 common shares of the Company at a deemed price of $0.20 per share to the President and CEO of the Company pursuant to a performance shares agreement dated December 14, 2021 in consideration for certain exploration, supervisory and geological services provided to the Company.

## 9. LOSS PER SHARE

The loss per share for the three and six months ended October 31, 2022 and 2021 are as follows:

| | Three months ended October 31, 2022 | Three months ended October 31, 2021 |
|---|---|---|
| Loss attributable to ordinary shareholders | $ 1,303,678 | $ 378,399 |
| Weighted average number of shares outstanding - basic and diluted | 78,196,559 | 72,989,455 |
| **Loss per share - basic and diluted** | **$ 0.02** | **$ 0.01** |

| | Six months ended October 31, 2022 | Six months ended October 31, 2021 |
|---|---|---|
| Loss attributable to ordinary shareholders | $ 2,060,456 | $ 909,757 |
| Weighted average number of shares outstanding - basic and diluted | 77,647,103 | 71,226,289 |
| **Loss per share - basic and diluted** | **$ 0.03** | **$ 0.01** |

## 10. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

***Risk Management***

The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

***Fair value***

The Company's consolidated financial instruments include cash and trade and other payables. *IFRS 7 Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and trade and other payables approximate their respective fair values due to their short-term nature.

***Credit risk***

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash in a major Canadian bank. The carrying amount of financial assets represents the maximum credit exposure.

***Interest rate risk***

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The Company does not have any exposure to interest rates.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.  If future cash flows are fairly uncertain, the liquidity risk increases.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing other liabilities. Most of the Company's financial liabilities are due within one year.

## 11. CAPITAL MANAGEMENT

The Company monitors its cash and common shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations. The Company is not exposed to any externally imposed capital requirements.

## 12. SUBSEQUENT EVENTS

On November 22, 2022, the Company completed the first tranche of a private placement via the issuance of 3,383,200 Units at a price of $0.25 per Unit for gross proceeds of $845,800. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for a price of $0.40 per warrant share, for a period of two years from the date of issuance. In connection with the issuance, the Company issued 117,824 finders' warrants and paid commissions of $29,456. Each finders' warrant entitles the holder to purchase one common share of the Company for a price of $0.50 per finders' warrant share, for a period of two years from the date of issuance.

On December 12, 2022, the Company issued 100,000 incentive stock options to a Director of the Company and 300,000 incentive stock options to a Consultant of the Company with an exercise price of $0.20 for a five-year period.

On December 15, 2022, the Company completed the second tranche of a private placement via the issuance of 975,600 Units at a price of $0.25 per Unit for gross proceeds of $243,900. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for a price of $0.40 per warrant share, for a period of two years from the date of issuance. In connection with the issuance, the Company issued 58,492 finders' warrants and paid commissions of $14,623. Each finders' warrant entitles the holder to purchase one common share of the Company for a price of $0.25 per share for a period of two years from the date of issuance.

On December 15, 2022, the Company granted 50,000 restricted share units ("RSU") to a consultant of the Company. Each RSU entitles the holder to acquire one common share of the Company on vesting. All 50,000 RSU's will vest on December 15, 2023.