CMC METALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended December 31, 2023 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

CMC METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and September 30, 2023
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	December 31, 2023	September 30, 2023
ASSETS		
Current		
Cash and cash equivalents	$ 177,572	$ 165,953
GST receivable	2,295	42,519
Other receivables (Note 3)	291,857	-
Prepaid expenses (Note 12)	97,201	130,523
Marketable securities (Note 4)	15,000	25,000
	583,925	363,995
Non-current		
Equipment (Note 5)	176,806	164,825
Reclamation bond (Notes 6 and 10)	155,659	417,392
TOTAL ASSETS	$ 916,390	$ 946,212
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 240,682	$ 433,197
Due to related parties (Note 12)	15,365	8,865
Preferred shares (Note 9)	-	500,000
Premium on flow-through (Note 14)	28,964	-
	285,011	942,062
Non-current		
Loan payable (Note 8)	40,000	38,448
Provision for restoration and environmental obligation (Note 10)	146,070	569,246
TOTAL LIABILITIES	471,081	1,549,756
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 11)	28,871,522	28,654,168
Share subscription receivable	(30,000)	(42,000)
Share-based payment reserve (Note 11)	3,133,030	3,107,125
Deficit	(31,529,243)	(32,322,837)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	445,309	(603,544)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 916,390	$ 946,212

Nature and continuance of operations – (Note 1)
Commitments – (Notes 7 and 14)
Subsequent events – (Notes 3, 7 and 15)

Approved and authorized for issuance on behalf of the Board of Directors:

"Kevin Brewer"	*"John Bossio"*
Kevin Brewer	John Bossio

CMC METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
For the three months ended December 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended December 31, 2023	2022
Expenses		
Consulting fees (Note 12)	$ 104,725	$ 41,000
Depreciation (Note 5)	8,760	5,075
Exploration expenditures (Notes 7 and 12)	171,477	285,065
Filing fees and transfer agent	10,746	27,247
Insurance	2,992	-
Interest (Note 8)	3,807	1,326
Management fees	-	623
Marketing	21,274	33,691
Office and miscellaneous	7,362	27,425
Professional fees	26,948	9,363
Share-based payments (Notes 11 and 12)	19,475	-
Travel	3,520	3,012
Wages and benefits	-	6,457
	381,086	440,284
Loss before other items	(381,086)	(440,284)
Other items		
Bad debt (Note 3)	(528,940)	-
Gain (loss) on foreign exchange	(2,002)	3,240
Gain on sale of subsidiary (Note 3)	1,708,842	-
Interest income	30	4,757
Recovery of flow-through share premium (Note 14)	6,750	23,779
Unrealized gain (loss) on marketable securities (Note 4)	(10,000)	(7,500)
	1,174,680	24,276
Net income (loss) and comprehensive income (loss) for the period	$ 793,594	$ (416,008)
Basic and diluted income (loss) per share	$ 0.01	$ (0.00)
Weighted average number of common shares outstanding	144,606,101	132,669,102

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

CMC METALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the three months ended December 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Share Subscription Receivable	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficit)
Balance, September 30, 2022	127,489,553	$ 26,711,740	$ (97,192)	$ 2,391,876	$ (28,828,194)	$ 178,230
Share issuances for cash	9,338,128	1,447,807	(5,000)	438,095	-	1,880,902
Share issue cost – cash	-	(104,950)	-	-	-	(104,950)
Agent's warrants issued	-	(71,025)	-	71,025	-	-
Reallocate Flow-through premium	-	(64,556)	-	-	-	(64,556)
Shares issued for exploration and evaluation expenditures	200,000	32,000	-	-	-	32,000
Shares issued pursuant to exercise of stock options	150,000	35,867	-	(17,367)	-	18,500
Shares issued pursuant to exercise of warrants	680,150	185,759	-	(49,729)	-	136,030
Share subscriptions received	-	-	97,192	-	-	97,192
Loss and comprehensive loss for the period	-	-	-	-	(416,008)	(416,008)
Balance, December 31, 2022	137,857,831	$ 28,172,642	$ (5,000)	$ 2,833,900	$ (29,244,202)	$ 1,757,340
Balance, September 30, 2023	142,286,164	$ 28,654,168	$ (42,000)	$ 3,107,125	$ (32,322,837)	$ (603,544)
Share issuances for cash	3,571,400	249,998	-	-	-	249,998
Share issue cost – cash	-	(15,000)	-	-	-	(15,000)
Agent's warrants issued	-	(6,430)	-	6,430	-	-
Reallocate Flow-through premium	-	(35,714)	-	-	-	(35,714)
Shares issued for exploration and evaluation expenditures	350,000	24,500	-	-	-	24,500
Share subscriptions received	-	-	12,000	-	-	12,000
Share-based payments	-	-	-	19,475	-	19,475
Income and comprehensive income for the period	-	-	-	-	793,594	793,594
Balance, December 31, 2023	146,207,564	$ 28,871,522	$ (30,000)	$ 3,133,030	$ (31,529,243)	$ 445,309

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

CMC METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended December 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended December 31, 2023	2022
Operating Activities		
Net income (loss) for the period	$ 793,594	$ (416,008)
Items not affecting cash		
Depreciation	8,760	5,075
Foreign exchange	739	(1,946)
Interest	3,807	1,326
Share-based payments	19,475	-
Shares issued for exploration and evaluation asset	24,500	32,000
Bad debt	528,940	-
Gain on sale of subsidiary	(1,708,842)	-
Interest income	-	(4,757)
Recovery of flow-through share premium	(6,750)	(23,779)
Unrealized loss on marketable securities	10,000	7,500
Changes in non-cash working capital items related to operations:		
GST Receivable	40,224	(20,568)
Prepaids and deposit	32,994	6,806
Accounts payables and accrued liabilities	11,790	(101,348)
Due to related parties	6,500	(11,539)
Cash used in operating activities	(234,269)	(527,238)
Investing Activities		
Purchase of equipment	(20,741)	-
Proceeds from the sale of subsidiary	20,552	-
Cash disposed from sale of subsidiary	(921)	-
Cash used in investing activities	(1,110)	-
Financing Activities		
Proceeds on issuance of common shares	249,998	2,040,432
Subscriptions received	12,000	92,192
Share issuance costs	(15,000)	(104,950)
Cash provided by financing activities	246,998	2,027,674
Change in cash and cash equivalents during the period	11,619	1,500,436
Cash and cash equivalents, beginning of period	165,953	891,747
Cash and cash equivalents, end of the period	$ 177,572	$ 2,392,183
Supplemental Disclosure of Cash Flow Information:		
Cash and cash equivalents consist of:		
Cash	$ 177,572	$ 662,183
Term deposits	-	1,730,000
Cash and cash equivalents	$ 177,572	$ 2,392,183
Cash paid during the period		
Interest	$ -	$ -
Income taxes	-	-
Non-cash transactions:		
Fair value of agent’s warrants	$ 6,430	$ 71,025
Fair value on transfer from reserve on exercise of stock options	-	17,367

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

1. NATURE AND CONTINUANCE OF OPERATIONS

CMC Metals Ltd. (the "Company") is incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company is listed on the TSX Venture Exchange ("TSX-V").

The head office and principal address of the Company are located at Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 and its records office is located at Suite 1120 – 625 Howe Street, Vancouver British Columbia, Canada, V6C 2T6.

On November 30, 2023, pursuant to the sale agreement dated September 15, 2023, the Company completed the sale of its wholly owned subsidiary, 0877887 B.C. Ltd., and all of assets, rights, liabilities and responsibilities of the Bishop mill located in California, United States, with 1436132 B.C. Ltd., ("Purchaser") a private Canadian company for a total consideration comprising US$270,000 in cash and $600,000 in common shares of the Purchaser or cash equivalent. (Note 3)

These condensed interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of December 31, 2023, the Company had not advanced its properties to commercial production. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors, by continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war between Israel and Hamas in Gaza and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

The condensed interim consolidated financial statements were authorized for issue on February 29, 2024 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

Basis of preparation

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Accounting policy

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at September 30, 2023. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2023.

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

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption of the amendments to IAS 1 will have an impact on the Company's financial statements.

Critical accounting estimates, assumptions and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments, estimates and assumptions in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 1.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3. SALE OF SUBSIDIARY

On November 30, 2023, pursuant to the sale agreement dated September 15, 2023, the Company completed the sale of its wholly-owned subsidiary, 0877887 B.C. Ltd., and all of assets, rights and responsibilities of the Bishop mill located in California, United States, with 1436132 B.C. Ltd. ("Purchaser"), a private Canadian company. As consideration, the Company will receive an aggregate of US$270,000 in cash and $600,000 in common shares of the Purchaser or cash equivalent as follows:

- US$5,000 ($6,743) on September 15, 2023 (received);
- US$15,000 ($20,552) on or before the first business day following the end of the due diligence period (received);
- US$50,000 and $200,000 in common shares or before January 13, 2024. The Company and the Purchaser. mutually agreed to extend the deadline to February 25, 2024;
- US$50,000 and $200,000 in common shares on or before July 11, 2024;
- US$50,000 and $200,000 in common shares on or before January 7, 2025;
- US$50,000 on or before July 6, 2025; and
- US$50,000 on or before September 4, 2025.

As a result of the timing of the payments the Company discounted the cash to $319,152 and the common shares to $528,940 using a discounting factor of 10%. As at December 31, 2023, the Company has determined that the $528,940 receivable in common shares of the Purchaser as impaired, and therefore, during the three months ended December 31, 2023, the Company recorded a bad debt of $528,940.

(Expressed in Canadian dollars)

3. SALE OF SUBSIDIARY – (cont'd)

The following table provides additional information with respect to the gain on the sale of subsidiary:

Fair value of consideration:		
Cash (US$270,000)	$	319,152
Common shares of Purchaser		528,940
	$	848,092
Less net assets (liabilities) of the subsidiary:		
Cash	$	921
Prepaid expenses		328
Reclamation Bond		262,933
Accounts payable and accrued liabilities		(206,558)
Preferred shares		(500,000)
Provision for restoration and environmental obligation		(425,117)
		(867,493)
Gain on sale of subsidiary	$	1,715,585

As at December 31, 2023, the Company reported a gain on sale of subsidiary of $1,708,842 (September 30, 2023 – $6,743).

4. MARKETABLE SECURITIES

Marketable securities are fair valued at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market.

Marketable securities consisted of the following as of December 31, 2023:

Investment in marketable securities	Number of shares held at December 31, 2023	Investment Cost at December 31, 2023	Fair Value at December 31, 2023	Number of shares held at September 30, 2023	Fair Value at September 30, 2023
	#	$	$	#	$
Public Companies					
Highbank Resources Ltd.	1,000,000	50,000	15,000	1,000,000	25,000

During the years ended September 30, 2022 and 2023, the Company received a total of 1,000,000 common shares of Highbank Resources Ltd. pursuant to the property option agreement with Highbank Resources Ltd. (Note 7).

During the three months ended December 31, 2023, the Company recognized an unrealized loss of $10,000 (December 31, 2022 - $7,500).

(Expressed in Canadian dollars)

5. EQUIPMENT

	Equipment	Total
Cost		
Balance at September 30, 2022	$ 70,000	$ 70,000
Additions	117,500	117,500
Balance at September 30, 2023	187,500	187,500
Additions	20,741	20,741
Balance at December 31, 2023	$ 208,241	$ 208,241
Accumulated Depreciation		
Balance at September 30, 2022	$ 3,500	$ 3,500
Depreciation	19,175	19,175
Balance at September 30, 2023	22,675	22,675
Depreciation	8,760	8,760
Balance at December 31, 2023	$ 31,435	$ 31,435
Net Book Value		
At September 30, 2023	$ 164,825	$ 164,825
At December 31, 2023	$ 176,806	$ 176,806

6. RECLAMATION BOND

As of December 31, 2023, following the sale of the subsidiary, the Company no longer maintains a reclamation bond previously held in trust by the Bureau of Land Management (September 31, 2023 - $261,732) for the indemnification of site restoration related to the Company's Bishop Mill Property (Notes 3 and 10).

As at December 31, 2023, the Company had additional security deposit for site restoration on the Silver Hart property of $9,589 (September 31, 2023 - $9,589). This is in addition to the $146,070 letter of Credit that was provided to the Government of the Yukon Territory (Note 10). The letter of Credit is secured by the Company's Guaranteed Investment Certificate of $146,070 and recorded in reclamation bond.

7. EXPLORATION AND EVALUATION EXPENDITURES

	Silver Hart	Bishop Mill	Bridal Veil	Amy and Silverknife	Blue Heaven	Total
Costs incurred during the period:						
Acquisition costs	$ -	$ -	$ 24,500	$ -	$ -	$ 24,500
Accommodation	-	-	-	10,000	-	10,000
Contractors	-	-	-	38,668	-	38,668
Clean up costs	-	5,333	-	-	-	5,333
Drilling	301	-	-	74,061	-	74,362
Field office	403	-	-	4,434	3,750	8,587
Travel expenses	-	-	-	10,027	-	10,027
For the three months ended December 31, 2023	$ 704	$ 5,333	$ 24,500	$ 137,190	$ 3,750	$ 171,477

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION EXPENDITURES – (cont'd)

	Silver Hart	Bishop Mill	Bridal Veil	Rancheria	Amy and Silverknife	Terra Nova	Blue Heaven	Rodney Pond	Total
Costs incurred during the period:									
Acquisition costs	$ -	$ -	$ 42,000	$ -	$ -	$ 20,000	$ -	$ -	$ 62,000
Accommodation	-	-	1,850	-	-	-	-	-	1,850
Assaying	38,922	-	10,594	-	-	1,085	-	-	50,600
Contractors	19,107	-	7,200	-	30,228	36,263	678	9,750	103,226
Clean up costs	-	7,122	-	-	-	-	-	-	7,122
Drilling (recovery)	(2,558)	-	-	-	-	-	-	-	(2,558)
Equipment rental	12,032	-	-	-	4,034	-	-	-	16,066
Field office	10,819	-	4,916	3,491	-	150	-	-	19,377
Geological	3,648	-	-	-	-	22,894	-	-	26,543
Mapping	518	-	945	-	5,175	-	-	945	7,583
Meals	1,177	-	900	-	-	-	-	-	2,077
Travel expenses	6,585	-	551	-	2,262	1,782	-	-	11,179
Option payments received	-	-	-	-	-	(20,000)	-	-	(20,000)
For the three months ended December 31, 2022	$ 90,250	$ 7,122	$ 68,956	$ 3,491	$ 41,699	$ 62,174	$ 678	$ 10,695	$ 285,065

Silver Hart Property

On February 21, 2005, the Company acquired a 100% interest in certain claims comprising the Silver Hart Property located in the Watson Lake Mining District, Yukon Territories from an individual who subsequently became a director and officer of the Company for a total of $995,000. The Company's remaining and additional obligation for the consideration was settled by the issuance of a loan.

During the year ended September 30, 2020, the Company entered into a Yukon Mineral Exploration Transfer Payment Program Agreement with the Yukon Geological Survey ("YG") for a one-time financial assistance to assist with the costs of an exploration program related to the Silver Hart Property. The YG agreed to contribute up to a maximum of $40,000 (the "Government Credit") towards eligible exploration expenditures which are, in the opinion of YG, reasonable and directly attributable to the Silver Hart.

During the year ended September 30, 2020, the Company incurred the eligible exploration expenditures and, therefore, recorded the $40,000 Government Credit in receivables and as a reduction to the cumulative costs incurred on the Silver Hart Property. During the year ended September 30, 2021, the Government Credit was received in full.

The Government Credit was made available on certain terms and conditions, and in reliance on attestations made by the Company in the agreement. Non-compliance with the terms and conditions may result in termination, withholding by the YG of some or all of the Government Credit or repayment of all or part of the Government Credit. The amount demanded for repayment shall bear interest beginning on the due date and ending on the day before the day on which payment is received by YG. To December 31, 2023 and subsequently, the Company has not received notification of non-compliance.

The Company was subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart Property. Accordingly, the Company has recognized its obligation to remediate the claim and have provided reclamation deposits on a progressive basis (Notes 6 and 10).

7. EXPLORATION AND EVALUATION EXPENDITURES – (cont'd)

Blue Heaven Property

On June 1, 2020, the Company entered into a Property Option Agreement with Strategic Metals Ltd. ("Strategic") to acquire up to a 100% interest in certain claims comprising the Blue Heaven Property located in the Rancheria Silver District, Yukon Territories.

The Company has the option to acquire an 80% interest (the "First Option") for the following consideration payments:

- $7,500 upon execution of the Agreement (paid);
- An additional $30,000 on or before June 1, 2021 (paid);
- An additional $62,500 on or before June 1, 2022 (paid);
- An additional $125,000 on or before June 1, 2023 (*paid) ; and
- An additional $175,000 on or before June 1, 2024.

*In lieu of the payment, the Company paid $62,500 in cash and issued 600,000 common shares at a fair value of $84,000.

Upon completion of the First Option payments, the Company and Strategic will enter into a joint venture to pursue the exploration, development, construction and mining of the Blue Heaven Property. The Company will be the initial operator of the joint venture and remain for as long as its interest is equal to or exceeds 50%.

The Company has the option to acquire a further 20% interest (the "Second Option") by payment of $500,000 on or before November 28, 2024. Upon completion of the Second Option payment, the Company will be deemed to have acquired a 100% interest in the Blue Heaven Property.

The Blue Heaven Property is subject to a 2% net smelter royalty ("NSR"). The Company has the option to acquire one-half, being 1%, of the NSR for $1,000,000.

Bishop Mill Property

On March 19, 2010, and as completed on April 15, 2010, the Company entered into a sale and purchase agreement and acquired a 100% interest in certain claims, buildings, water rights and machinery, comprising the Bishop Mill Property located near Bishop, California. Subsequent to the purchase of the Bishop Mill Property, the Company has continued to incur additional costs in order to bring the mill and equipment to use. As at September 30, 2023, the Bishop Mill was not capable of operating in a manner intended by management. As of November 30, 2023, following the sale of the subsidiary, the Company no longer owns the Bishop Mill Property (Note 3) and incurred $5,333 in clean-up costs for the property.

Bridal Veil Property

On October 22, 2020, the Company entered into a mineral property option agreement to acquire a 100% working interest in the Bridal Veil Property located in the Gander Subzone in Central Newfoundland, for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on December 11, 2020. The Company paid $16,000 cash and issued 120,000 common shares at a fair value of $14,400 to the optionors on December 15, 2020.

Pursuant to this agreement, the Company is required to make the following additional payments:

- $24,000 plus issue 100,000 common shares or pay $10,000 in cash (paid) and issue 200,000 common shares on or before October 22, 2021 (issued); and
- $20,000 plus 100,000 common shares or $10,000 (paid) and 200,000 common shares on or before October 22, 2022 (issued); and
- $20,000 plus 100,000 common shares or $10,000 and 200,000 common shares on or before October 22, 2023 (*paid and issued)

*In lieu of the cash payment, the Company issued 150,000 common shares at a fair value of $10,500.

There is a 2.5% NSR of which 1.5% can be purchased at any time by the Company from the optionors for $1,000,000 per 1%.

7. EXPLORATION AND EVALUATION EXPENDITURES – (cont'd)

Rancheria Property

On November 2, 2020, the Company entered into a mineral property option agreement to earn up to a 100% working interest in the Rancheria South mineral property located in the Liard Mining Division in the Province of British Columbia, for consideration of the issuance of a total of 1,500,000 common shares of the Company over a period of three years from the date of the agreement, subject to TSX-V approval which was received on December 11, 2020.

The Company issued 100,000 common shares at a fair value of $12,000 (issued) to the optionor on December 15, 2020 and will issue:

- 250,000 common shares on or before November 2, 2021 (issued);
- 400,000 common shares on November 2, 2022; and
- 750,000 common shares on November 2, 2023.

The Company is committed to incurring exploration expenditures on the Rancheria Property totaling $175,000 as follows:

- $25,000 on or before November 2, 2021 (incurred);
- an additional $50,000 on or before November 2, 2022 (incurred); and,
- an additional $100,000 on or before November 2, 2023.

There is a 2% NSR which can be reduced to 1% upon the payment of $1,000,000.

During the year ended September 30, 2022, the Company terminated the mineral property option agreement.

Amy and Silverknife Property

On February 10, 2021 and amended on February 1, 2024, the Company entered into a mineral property option agreement to acquire up to a 100% working interest in the Silverknife and Amy mineral properties in the Liard Mining Division in the Province of British Columbia, for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on February 25, 2021, and the Company paid $15,000 cash on February 4, 2021 and issued 100,000 common shares at a fair value of $19,500 to the optionors on March 4, 2021.

Pursuant to this agreement, the Company is required to make the following additional payments:

- $15,000 plus issue 200,000 common shares on or before February 10, 2022 (issued and paid);
- $20,000 plus issue 400,000 common shares on or before February 10, 2023 (issued and paid); and
- Issue 2,000,000 common shares on or before February 10, 2024 (issued subsequently).

The Company is committed to incurring exploration expenditures on the Amy and Silverknife Property totaling $60,000 as follows:

- $10,000 on or before February 10, 2022 (incurred);
- an additional $20,000 on or before February 10, 2023 (incurred); and
- an additional $30,000 on or before February 10, 2024 (incurred).

There is a 2% NSR of which 1% can be purchased at any time by the Company from the optionors for $1,000,000.

7. EXPLORATION AND EVALUATION EXPENDITURES – (cont'd)

Terra Nova Property

On October 22, 2020, the Company entered into a mineral property option agreement to earn up to a 100% working interest in the Terra Nova Property located in the Terra Nova District in Central Newfoundland, for consideration of cash only, $5,000 (paid) which was due on signing, and subsequent payments as follows:

- $10,000 on or before October 22 2021 (paid);
- $20,000 on or before October 22, 2022 (paid); and
- $30,000 on or before October 22, 2023.

On the fifth anniversary date, an advance royalty is to be paid of $5,000 per year to the optionors and a NSR of 2% of which 1.0% can be purchased at any time by the Company for $1,000,000.

On July 4, 2022, the Company entered into a property option agreement with Highbank Resources Ltd. ("Highbank") whereby Highbank has the option to acquire an 80% interest in and to the claims of the Terra Nova property subject to a 2% Net Smelter Return royalty pursuant to an underlying agreement. As consideration, Highbank will pay an aggregate of $10,000 in cash within 30 days of signing the agreement (received) and subsequent payments as follows:

- $20,000 on or before October 21, 2022 (received subsequent to year end);
- $30,000 on or before October 21, 2023;
- issue 500,000 common shares on the effective date (received);
- issue 500,000 common shares within six months of the effective date (received); and,
- issue 500,000 common shares of Highbank within on year of the effective date.

When the option is exercised, Highbank and the Company shall enter into and be bound by the terms of a joint venture agreement, which agreement shall be completed in a timely manner at any time following the exercised by Highbank of the option. The joint venture agreement shall contain the following provisions:

- Highbank shall be the operator of the joint venture, provided that Highbank has exercised the option in full;
- Highbank and the Company shall participate on a pro-rata basis in all financing programs relating to the exploration, development and production of minerals extracted from the claims; and
- Dilution of interests in and to the claims in the event of partial or non-participation.

On October 12 2023, Highbank terminated the property option agreement with the Company and in conjunction the Company terminated the mineral property option agreement.

Rodney Pond Property

On January 6, 2022, the Company acquired an option to earn up to a 100% working interest in the Rodney Pond Property in the highly prospective Gander Subzone in central Newfoundland, subject to an option agreement with Nancy, Stephen and Larry Rogers (the prospectors) of Hare Bay, Nfld. Pursuant to the terms of the agreement the Company will make the following to the prospectors:

- $10,000 cash payment and issuance of 50,000 common shares on execution of the agreement. (issued and paid)
- First anniversary date, January 6, 2023: $10,000 cash and 50,000 common shares (issued and paid);
- Second anniversary date, January 6, 2024: $15,000 cash and 75,000 common shares; and
- Third anniversary date, January 6, 2025: $25,000 cash and 125,000 common shares;

In addition, the agreement provides for a conventional royalty of 2%, of which 1% can be purchased at any time by the company from the prospectors for $1,000,000.

During the three months ended December 31, 2023, the Company terminated the mineral property option agreement.

(Expressed in Canadian dollars)

8. LOAN PAYABLE

Regional Relief and Recovery Fund Loan

During the year ended September 30, 2020, the Company received a $40,000 loan from Her Majesty the Queen in Right of Canada as represented by the Minister responsible for Western Economic Diversification Canada (the “Minister”), pursuant to the Regional Relief and Recovery Fund (“RRRF”) program (the “RRRF Loan”). The RRRF Loan was made available on certain terms and conditions, and in reliance on attestations made by the Company in the loan agreement.

During the year ended September 30, 2022, the Company receive an additional $20,000 in RRRF to the maximum of $60,000.

The RRRF Loan is an interest-free loan until March 28, 2024. If the Company repays $40,000 by March 28, 2024, a balance of $20,000 will be forgiven. If on March 28, 2024, the Company has not repaid the $40,000, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

On initial recognition, the Company recorded the RRRF Loan at a fair value based on a prevailing market rate of 17%. The Company recorded the result of the benefit received from the interest-free RRRF Loan as a government grant. The portion of the forgivable RRRF Loan was also treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan.

RRRF Loan	**December 31, 2023**	**September 30, 2023**
Balance, opening	$ 38,448	$ 32,862
Accretion	1,552	5,586
Balance, ending	$ 40,000	$ 38,448

9. PREFERRED SHARES

The Company’s subsidiary (0877887 B.C. Ltd.) issued 5,000 Class A non-voting preferred shares (the “Class A preferred shares”) at a price of $100 per share, for total proceeds of $500,000. Attached to these preferred shares is an annual non-cumulative preferred cash dividend of 4.5% of the total, payable annually on March 31 of each year. To November 30, 2023, no dividends have been declared.

After April 9, 2015, redemption may be affected in whole or any number of the Class A preferred shares, if the Company is not insolvent at such time and that the redemption would not render the Company insolvent, as follows:

- Company: Upon giving no less than 10-day notice to the holders. If notice to redemption is given by the Company and holders of the Class A preferred shares fail to present and surrender the share certificates representing the shares called for redemption, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada and the holder will have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment; and
- Holder: Upon giving notice to the Company, the Company shall pay the holder within 30 days a redemption amount, in respect of each of the shares specified in the notice.

As of September 30, 2023, the preferred shares were treated as a liability. As of December 31, 2023, pursuant to the sale of the subsidiary, the Company no longer holds these preferred shares (Note 3).

(Expressed in Canadian dollars)

10. RESTORATION AND ENVIRONMENTAL OBLIGATIONS

As at December 31, 2023, the Company measured the best estimated of the future remediation costs for reclamation that arose as a result of past exploration activities to be $146,070 for the Silver Hart Property (Notes 6 and 7). The fair value of the liability was determined to be equal to the estimated remediation costs. The timing of the cash flow related to the reclamation activities is beyond one year with not fixed timeline at this time.

The Company was subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart mineral property pursuant to its exploration program. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date and known legal requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments. The Company has accrued a provision of $146,070 by way of estimating its obligation to remediate the claim. This liability is secured by a Letter of Credit secured by a guaranteed investment certificate for the same amount which bore interest at 2.05% per annum and cashable at maturity and is included in reclamation bond at December 31, 2023.

The movement of the restoration and environmental obligations are as follows:

	Silver Hart	Bishop Mill	Total
Balance at September 30, 2022	$ 146,070	$ 429,029	$ 575,099
Foreign Exchange	-	(5,853)	(5,853)
Balance at September 30, 2023	146,070	423,176	569,246
Foreign Exchange	-	1,941	1,941
Sale of subsidiary	-	(425,117)	(425,117)
Balance at December 31, 2023	$ 146,070	$ -	$ 146,070

As at December 31, 2023, pursuant to the sale of the subsidiary, the Company does not have assets, rights, liabilities and responsibilities of the Bishop Mill property (Note 3).

11. SHARE CAPITAL

Authorized

Unlimited common shares, without par value
Unlimited Class A preferred share, non-voting, without par value

Issued common shares

As at December 31, 2023 – 146,207,564 (September 30, 2023 – 142,286,164) common shares are issued and outstanding.

For the three months ended December 31, 2023

On October 23, 2023, the Company issued 350,000 common shares at a fair value of $24,500 pursuant to the Bridal Veil property option agreement. (Note 7)

On November 8, 2023, the Company issued 3,571,400 flow-through ("FT") units at a price of $0.07 per FT unit for aggregate gross proceeds of $249,998. Each FT unit consists of one FT share of the company and one non-flow-through ("NFT") transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.10 per share on or before November 8, 2025. In connection to the financing, the Company paid a finders fees of $15,000 and issued 214,284, non-transferable finders' warrants exercisable at $0.07 per share expiring on November 8, 2025. The Company fair value the finders' warrants at $6,430 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 4.17%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 114%. The Company recognized a flow-through premium of $35,714 on the private placement.

11. SHARE CAPITAL – (cont'd)

Issued common shares - (cont'd)

For the year ended September 30, 2023

During the year ended September 30, 2023, the Company issued 680,150 common shares pursuant to the exercise of share purchase warrants at a price of $0.20 per share for total proceeds of $136,030. The Company transferred $49,729 from contributed surplus.

On September 29, 2023, the Company completed the second tranche of financing for aggregate gross proceeds of $150,120 consisting of 880,000 NFT units at a price of $0.10 per NFT unit and 518,333 FT units at a price of $0.12 per FT unit. Each NFT unit consists of one common share of the company and one-half of one NFT transferable share purchase warrant. Each FT unit consists of one FT share of the company and one-half of one NFT transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per share on or before September 29, 2025. In connection to the financing, the Company paid a finders fees of $8,108 and issued 24,000 non-transferable finders' warrants exercisable at $0.15 per share expiring on August 25, 2025. The Company fair value the finders' warrants at $1,200 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 4.65%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 114%. The Company recognized a flow-through premium of $26,617 on the private placement.

On August 24, 2023, the Company completed the first tranche of financing for aggregate gross proceeds of $214,250 consisting of 1,167,500 NFT units at a price of $0.10 per NFT unit and 812,500 FT units at a price of $0.12 per FT unit. Each NFT unit consists of one common share of the company and one-half of one NFT transferable share purchase warrant. Each FT unit consists of one FT share of the company and one-half of one NFT transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per share on or before August 25, 2025.

On June 1, 2023, the Company issued 600,000 common shares at a fair value of $84,000 pursuant to the Blue Heaven property option agreement. (Note 7)

On February 8, 2023, the Company issued 400,000 common shares at a fair value of $60,000 pursuant to the Amy and Silverknife property option agreement. (Note 7)

On January 9, 2023, the Company issued 50,000 common shares at a fair value of $9,000 pursuant to the Rodney property option agreement. (Note 7)

On December 7, 2022, the Company issued an aggregate of 5,454,100 FT units at a price of $0.22 per FT unit for total proceeds of $1,199,902. Each FT unit consists of one FT share of the Company and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.25 per share on or before December 7, 2024. The Company used the pro rata method with respect to the measurement of shares and warrants issued and a fair value of $298,123 was allocated to the 2,727,050 share purchase warrants. In connection to the financing the Company paid a finders fees of $56,994 and issued 259,065 non-transferable finders' warrants exercisable at $0.22 per share expiring on December 7, 2024. The Company fair value the finders' warrants at $38,860 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 4.02%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 125%. There was no flow-through premium on this private placement.

On November 11, 2022, the Company issued 150,000 common shares pursuant to the exercise of stock options at a price ranging from $0.12 to $0.13 per share for total proceeds of $18,500. The Company transferred $17,367 from contributed surplus.

On October 19, 2022, the Company issued 200,000 common shares at a fair value of $32,000 pursuant to the Bridal Veil property option agreement. (Note 7)

11. SHARE CAPITAL – (cont'd)

Issued common shares - (cont'd)

For the year ended September 30, 2023 - (cont'd)

On October 12, 2022, the Company issued an aggregate of 3,884,028 units consisting of 656,250 NFT units at a price of $0.16 per NFT unit and 3,227,778 FT units at a price of $0.18 per FT unit for total proceeds of $686,000 of which $5,000 is a receivable. Each NFT unit consists of one common share of the company and one-half of one transferable share purchase warrant. Each FT unit consists of one FT share of the company and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per share on or before October 13, 2024. The Company used the pro rata method with respect to the measurement of shares and warrants issued and a fair value of $139,972 was allocated to the 1,942,014 share purchase warrants. In connection to the financing the Company paid a finders fees of $47,956 and issued 321,640 non-transferable finders' warrants exercisable at $0.20 per share expiring on October 13, 2024. The Company fair value the finders' warrants at $32,165 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 3.87%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 128%. The Company recognized a flow-through premium of $64,556 on the private placement.

Stock options

The Company follows the policies of the TSX-V under which it would be authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. The Company calculated the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

On January 13, 2021, the Company granted 2,010,000 stock options at a price of $0.20 per share expiring on January 13, 2026 to certain of its directors, officers, employees, and consultants of the Company pursuant to the Company's Rolling Share Option Plan. 1,760,000 of the options granted vest over 90 days, and 250,000 of the options granted vest in stages over a period of twelve months from the date of grant with no more than one-quarter of the options. The weighted average fair value of stock options granted was $324,012 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 0.36%; annual dividends - nil; expected life - 60 months; expected stock price volatility- 147%. During the year ended September 30, 2022, the Company recorded $73 in share-based payments for vested stock options. During the three months ended December 31, 2023, 580,000 stock options were forfeited.

On July 2, 2021, the Company granted 950,000 stock options to directors, officers and to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at a price of $0.13 per share expiring on July 2, 2026 and vested at 25% every quarter with the first vesting on October 2, 2021. The fair value of the stock options of $117,705 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of $0.13; Risk-free interest rate of 0.78%; Dividend yield of nil; Expected volatility of 177%; Expected life of 5 years. During the year ended September 30, 2022, the Company recorded $57,601 in share-based payments for vested stock options. During the three months ended December 31, 2023, 100,000 stock options were forfeited.

On December 31 2021, the Company granted 2,500,000 stock options to directors, officers and to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at a price of $0.12 per share expiring on December 31, 2026 and vested at the date of grant. The fair value of the stock options of $279,500 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of $0.13; Risk-free interest rate of 1.30%; Dividend yield of nil; Expected volatility of 128%; Expected life of 5 years. During the year ended September 30, 2022, the Company recorded $279,500 in share-based payments. During the three months ended December 31, 2023, 425,000 stock options were forfeited.

On April 29, 2022, the Company granted 300,000 stock options to a consultant of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at a price of $0.21 per share expiring on April 29, 2027 and vested at the date of grant. The fair value of the stock options of $60,720 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of $0.23; Risk-free interest rate of 2.64%; Dividend yield of nil; Expected volatility of 125%; Expected life of 5 years. During the year ended September 30, 2022, the Company recorded $60,720 in share-based payments.

(Expressed in Canadian dollars)

11. SHARE CAPITAL – (cont'd)

Stock options – (cont'd)

On February 15, 2023, the Company granted 2,250,000 stock options to directors and consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at a price of $0.15 per share expiring on February 15, 2028 and vested at the date of grant. The fair value of the stock options of $272,025 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of $0.14; Risk-free interest rate of 3.54%; Dividend yield of nil; Expected volatility of 131%; Expected life of 5 years. During the year ended September 30, 2023, the Company recorded $272,025 in share-based payments. During the three months ended December 31, 2023, 660,000 stock options were forfeited.

On December 4, 2023, the Company granted 2,100,000 stock options to directors and consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at a price of $0.07 per share expiring on December 5, 2028. The stock options vest at 25% every three months with the first vesting on March 4, 2024. The fair value of the stock options of $126,420 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of $0.07; Risk-free interest rate of 3.18%; Dividend yield of nil; Expected volatility of 128%; Expected life of 5 years. During the three months ended December 31, 2023, the Company recorded $19,475 in share-based payments.

Volatility was determined based on the Company's historical data.

The following table summarizes the continuity of the Company's stock options:

	Number of Stock Options	Weighted Average Exercise Price
Balance, September 30, 2022	5,025,000	$0.15
Granted	2,250,000	0.15
Exercised	(150,000)	0.12
Balance, September 30, 2023	7,125,000	$0.15
Granted	2,100,000	0.07
Forfeited	(1,765,000)	0.16
Balance, December 31, 2023	7,460,000	$0.13

As at December 31, 2023, the Company had stock options outstanding enabling holders to acquire the following:

Number of Options	Vested	Weighted Average Remaining Life	Exercise Price per Option	Expiry Date
1,020,000	1,020,000		$0.20	January 13, 2026
475,000	475,000		$0.13	July 2, 2026
1,975,000	1,975,000		$0.12	December 31, 2026
300,000	300,000		$0.21	April 29, 2027
1,590,000	1,590,000		$0.15	February 15, 2028
2,100,000	-		$0.07	December 4, 2028
7,460,000	5,360,000	5.10 years		

Share-based payment reserve:

The share-based payment reserve records items recognized as share-based payments, expenses, and other share-based payments until such time that the stocks options or warrants are exercised at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian dollars)

11. SHARE CAPITAL – (cont'd)

Share Purchase Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2022	29,067,813	$0.22
Issued	6,962,946	0.21
Exercised	(680,150)	0.20
Expired	(11,536,069)	0.26
Balance, September 30, 2023	23,814,540	$0.19
Issued	3,785,684	0.10
Expired	(4,205,000)	0.14
Balance, December 31, 2023	23,395,224	0.19

As at December 31, 2023, the Company had share purchase warrants outstanding enabling holders to acquire the following:

Number of Share Purchase Warrants	Weighted Average Remaining Life	Exercise Price per Share	Expiry Date
10,079,471		$0.20	April 19, 2024
405,567		$0.20	April 19, 2024
2,161,556		$0.20	September 27, 2024
2,263,664		$0.20	October 13, 2024
2,727,050		$0.25	December 7, 2024
259,065		$0.22	December 7, 2024
990,000		$0.15	August 25, 2025
24,000		$0.15	August 25, 2025
699,167		$0.15	September 29, 2025
214,284		$0.07	November 8, 2025
3,571,400		$0.10	November 8, 2025
23,395,224	0.82 years		

12. RELATED PARTY TRANSACTIONS

The Company entered the following transactions with related parties:

a) incurred exploration expenditures of $31,825 (December 31, 2022 - $54,000) with a director or a company controlled by a director and officer of the Company.
b) incurred share-based payments of $18,084 (December 31, 2022 - $Nil) with directors and officers of the Company.
c) incurred consulting fees of $92,725 (December 31, 2022 - $20,123) with a director, the former CFO and a company controlled by a director and officer of the Company.

On December 31, 2023, prepaid expenses include $8,000 (September 31, 2023 - $37,246) in prepaid exploration expenditures to a director and a company controlled by a director of the Company.

On December 31, 2023, a total of $15,365 (September 31, 2023 - $8,865) was owing to a director and a company controlled by a director of the Company, unsecured, non-interest bearing, no specific terms of repayment.

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The Company's only financial instrument measured at fair value are its marketable securities, for which the fair value is determined using closing prices at the reporting date with any unrealized gain or loss recognized in profit or loss. The marketable securities are classified as Level 1.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

The majority of cash and cash equivalents is deposited in bank accounts held with one major bank in Canada. As most of the Company's cash is held in one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables and reclamation bond. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and the reclamation bond are held with the financial institution.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company has a working capital of $298,914 as at December 31, 2023 (September 30, 2023 working capital deficiency - $578,067). Liquidity risk is assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. Foreign exchange risk is assessed as low.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest earned on cash is at nominal interest rates and therefore, the Company does not consider interest rate risk to be significant.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

14. FLOW THROUGH SHARE COMMITMENT

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price or concurrent non-flow-through share price of common shares. The incremental proceeds, or "premium", are recorded as deferred income.

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the three months ended December 31, 2022, the Company received $1,780,902 from the issue of flow-through shares. A flow through premium liability of $64,556 was initially recognized and the Company recognized $23,779 as other income at December 31, 2022, with the remaining amount of $1,566,899 fully incurred during the year ended September 30, 2023..

During the three months ended December 31, 2023, the Company received $249,998 from the issue of flow-through shares. A flow through premium liability of $35,714 was initially recognized and the Company recognized $6,750 as other income and has $28,964 in flow-through premium and a commitment to incur an additional $202,750 in exploration expenditures by December 31, 2024.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company:

On January 17, 2024, the Company has filed a lawsuit in the Supreme Court of British Columbia against its former CFO, claiming that he misappropriated the Company's money. The Company is seeking the court-ordered return of $67,775.

On December 20, 2023 and amended on February 1, 2024, the Company entered into a share purchase agreement with Sailfish Royalty Corp. ("Sailfish"), that grants the option to acquire all of the issued and outstanding shares of Swordfish Silver Corp., through Sailfish de Mexico SA de CV, holds the mineral rights of the Gavilanes silver exploration property located in the municipality of San Dimas, state of Durango, Mexico. Upon entering into the agreement, the Company subsequently reimbursed Sailfish for certain fees incurred by Sailfish with respect to the property in the 2023 calendar year in the amount of US$9,903.

As consideration, the Company will pay an aggregate of US$3,500,000 in cash and issue equity as follows:

- Issue 1,000,000 common shares on the date of TSXV acceptance;
- US$500,000 plus issue $700,000 in common shares on or before March 31, 2024;
- US$500,000 plus issue $500,000 in common shares on or before March 31, 2025;
- US$500,000 on or before March 31, 2026; and
- US$2,000,000 on or before March 31, 2027.

The Company is committed to incurring exploration expenditures on the property totaling $5,000,000 as follows:

- $1,000,000 on or before March 31, 2025;
- $1,500,000 on or before March 31, 2026; and
- $2,500,000 on or before March 31, 2027.

The Company, in lieu of many any further option payments, immediately purchase all the shares by paying to Sailfish US$4,000,000 in cash less any cash payments made to Sailfish.

There is a 1.5% NSR on unencumbered grounds and 0.5% NSR on encumbered grounds of which 1% can be purchased at any time by the Company from the optionors for $3,000,000.

The agreement is pending TSXV approval.