ARCUS DEVELOPMENT GROUP INC.

Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian Dollars)

D&H Group LLP
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Independent Auditor's Report

To the Shareholders of Arcus Development Group Inc.

Opinion

We have audited the financial statements of Arcus Development Group Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2023 and July 31, 2022, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and July 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended July 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has net working capital of approximately $ 72,000, no source of operating revenue and has incurred losses since inception aggregating $ 11,369,085. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

§ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

§ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

§ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

§ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

§ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

"D&H Group LLP"

Vancouver, B.C.
November 23, 2023

Chartered Professional Accountants

ARCUS DEVELOPMENT GROUP INC.

Statements of Financial Position
As at
(Expressed in Canadian Dollars)

	Note	July 31, 2023	July 31, 2022
		$	$
ASSETS			
Current assets			
Cash		79,176	157,748
Amounts receivable	7	521	162
Prepaid expenses		1,770	201
		81,467	158,111
Non current assets			
Exploration and evaluation property interests	5	3	3
Total assets		81,470	158,114
EQUITY AND LIABILITIES			
Current liabilities			
Trade accounts payable	6	8,922	2,555
Term loan	11	-	40,000
Total liabilities		8,922	42,555
Equity			
Share capital	9	9,607,028	9,607,028
Share option reserve	9	1,076,000	1,076,000
Share compensation reserve		135,000	135,000
Other reserve	9	623,605	623,605
Deficit		(11,369,085)	(11,326,074)
Total equity		72,548	115,559
Total equity and liabilities		81,470	158,114
Nature of operations and going concern	1, 2		

Approved by the Board of Directors:

"Ian J. Talbot"
Director

"James Gray"
Director

ARCUS DEVELOPMENT GROUP INC.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the year ended July 31, 2023	For the year ended July 31, 2022
		$	$
Expenses			
Exploration and evaluation expenditures	5	8,726	9,232
Bank charges and interest		295	357
Communications		795	1,245
Consultants		2,861	2,612
Insurance		10,482	9,529
Office and sundry		18	28
Professional fees		14,311	22,348
Trust and filing		15,523	15,418
		(53,011)	(60,769)
Other item			
Gain on debt forgiveness	11	10,000	-
Net loss and comprehensive loss for the year		(43,011)	(60,769)
Loss per share		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		73,878,065	71,017,791

See accompanying notes to the financial statements

ARCUS DEVELOPMENT GROUP INC.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	For the year ended July 31, 2023	For the year ended July 31, 2022
		$	$
Cash provided by (used for):			
Operating activities			
Net loss for the year		(43,011)	(60,769)
Item not involving cash:			
Gain on debt forgiveness	11	(10,000)	-
Changes in non-cash working capital components:			
Amounts receivable	7	(359)	(104)
Prepaid expenses		(1,569)	415
Trade accounts payable	6	6,367	(10,777)
		(48,572)	(71,235)
Financing activities*			
Issuance of common shares	9	-	300,000
Share issuance costs - cash	9	-	(16,450)
Receipt of demand loans	10	-	1,250
Repayment of demand loans	10	-	(66,250)
Repayment of loan	11	(30,000)	-
		(30,000)	218,550
Net (decrease) increase in cash during the year		(78,572)	147,315
Cash, beginning of year		157,748	10,433
Cash, end of year		79,176	157,748

* ***Supplementary Disclosure of Non-Cash Investing Activity***

Refer to note 5.

ARCUS DEVELOPMENT GROUP INC.

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares		Share Option Reserve	Share Compensation Reserve	Other Reserve	Deficit	Total Equity
	Number	Amount					
		$	$	$	$	$	$
August 1, 2021	61,878,065	9,341,478	1,076,000	135,000	605,605	(11,265,305)	(107,222)
Private placements	12,000,000	300,000	-	-	-	-	300,000
Costs of share issuance	-	(34,450)	-	-	18,000	-	(16,450)
Loss for the year	-	-	-	-	-	(60,769)	(60,769)
July 31, 2022	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,326,074)	(115,559)
August 1, 2022	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,326,074)	(115,559)
Loss for the year	-	-	-	-	-	(43,011)	43,011
July 31, 2023	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,369,085)	(72,548)

* Refer to note 5.

1. NATURE OF OPERATIONS

The Company was incorporated in British Columbia, Canada on June 6, 2006 and is in the business of pursuing and developing property interests that are considered to be sites of potential economic mineralization. The Company's registered office is Suite 1200 – 750 West Pender Street, Vancouver, BC.

The mineral exploration business involves, by its nature, a high degree of risk. There can be no assurance that exploration projects will result in valuable mineral discoveries or profitable mining operations. Additionally, there can be no assurance that a mining operation will achieve profitability once it commences operation.

2. GOING CONCERN

At July 31, 2023 the Company has working capital of approximately $72,000, no source of operating revenue and has incurred losses since inception aggregating $11,369,085. The Company will need to raise additional equity financing to meet future exploration expenditures and general working capital requirements. The Company has limited working capital, no source of operating revenue and continued operations are dependent on the Company's ability to raise the necessary funds through equity issues or the sales of assets. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

The financial statements have been prepared assuming the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any property and the ability of the Company to continue as a going concern is dependent upon it being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of a property. In the event the Company is not able to obtain adequate funding, there is material uncertainty as to whether the Company will be able to maintain or complete the acquisition of its property interests. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing.

The COVID-19 pandemic creates uncertainty in respect to global economic and market conditions however its specific, identifiable impact on the Company has not, to date, been material. Future developments in the course of the pandemic could negatively impact the Company's operations, however such future outcomes cannot currently be predicted beyond those expected to affect society as a whole.

3. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared in accordance with the accounting policies presented below and are based on the IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective as of July 31, 2023. The policies set out below were consistently applied to all periods presented unless otherwise noted.

Basis of preparation

These 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 4.

The financial statements for the year ended July 31, 2023 were approved and authorized for issue by the Board of Directors on November 23, 2023.

3. BASIS OF PRESENTATION *(continued)*

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following is a critical judgment that management has made in the process of applying accounting policies and that has the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year

Key sources of estimation uncertainty, when applicable:

- the estimation of the fair value of the liability related to flow-through shares
- the estimation of the fair value of share options and warrants

4. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation property interests

Exploration and evaluation property exploration costs, including option payments incurred in respect to earning a property interest, are expensed until the applicable property interests have reached a stage where their economic viability has been established.

Cost includes any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of exploration and evaluation property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Consistent with the provisions of IFRS 11, cost sharing activities involving other companies but not conducted through separate legal entities are considered to be 'Joint Operations', and are accounted for at cost. Accordingly, in a standard joint venture involving exploration companies in the initial stages of project development, each party recognizes its proportionate share of costs incurred, and in fact incurs such expenditures, based on its percentage of participation in a particular project. To the extent that a party fails to participate in project expenditures, its overall percentage interest in the project is then typically subject to dilution provisions.

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash

Cash is comprised of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash is held with major financial institutions in business accounts, bankers' acceptances and in government treasury bills which are available on demand by the Company for its programs, and are not invested in any asset backed deposits/investments.

Share-based compensation

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using an option pricing model. The expense is charged to share-based compensation and the offset is credited to share option reserve. Cash received on exercise of incentive stock options is credited to share capital along with any share option reserve amounts previously recorded that are applicable to the options exercised.

Compensation expense is also recorded in connection with common shares issuance where an intrinsic value in excess of the cash consideration paid can be reasonably established at the date of issuance.

Income taxes

Deferred income taxes are recorded using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Flow-through shares are accounted for as compound instruments comprising liability and equity components upon issuance, with any premium received that can be reasonably determined being attributed to the tax benefit provided and considered a liability. Upon qualifying expenditures being incurred, this liability is reversed and recognized in income, and any deferred tax liability in respect to the amounts renounced to investors is recorded. Costs related to the liability component are also charged to profit or loss.

The Company estimates the value of the liability component using the residual method, whereby the quoted price of the Company's non-flow-through shares issued is compared to the price investors paid for the flow-through shares and any difference forms the premium amount.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition the Company classifies and measures these as described in the following section.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9:

Financial assets/liabilities	Classification IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Trade and other payables	Amortized cost

Measurement of Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized costs less any impairment.

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting period, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

IFRS requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS standards prioritize the inputs into three levels that may be used to measure fair value:

- 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 Company's financial instruments consist principally of cash, amounts receivable, and trade accounts payable. The fair values of assets and liabilities measured on a recurring basis include cash determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all receivables and payables approximate their current fair values because of their nature and respective maturity dates or durations.

Financial risk management

Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Commodity price risk

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

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and term deposits is limited because of their short-term investment nature. A variable rate of interest is earned on cash and term deposits, changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

Market risk

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

Environmental risk

The Company is engaged in resource exploration and development and is accordingly exposed to environmental risks associated with such activity. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements however there is no certainty that all environmental exposure has been addressed.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. The Company uses the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrant.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Decommissioning liabilities

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site, are recognized and recorded as a liability at fair value as at the time when they are incurred or when the event giving rise to such an obligation occurs. The liability is increased (accreted) over time through periodic charges to earnings. The corresponding asset retirement cost is capitalized as part of the asset's carrying value, and is amortized over the asset's estimated useful life. The amount of the liability will be subject to re-measurement at each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its exploration and evaluation activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Capital disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, such that it can explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments to it based upon changes in economic conditions and the risk characteristics of its assets. The Company may issue new shares through private placements and public offerings in order to maintain or adjust its capital structure. The Company is not subject to any externally-imposed capital requirements.

Accounting standards adopted, or issued but not yet effective

No new accounting standards or policies were adopted during the year, and the Company is also unaware of an any applicable but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Schedule of cumulative exploration and evaluation property costs

	Note	Balance July 31, 2022	Incurred during fiscal 2023	Balance, July 31, 2023
		$	$	$
Dawson Gold Project, Yukon				
Acquisition		2,072,873	-	2,072,873
Staking fees		232,599	-	232,599
Exploration costs				
Airborne geophysical survey		576,617	-	576,617
Assays		408,564	-	408,564
Camp food & accommodation		182,722	-	182,722
Consultant's fees		434,275	978	435,253
Drilling		937,373	-	937,373
Equipment rental		346,217	-	346,217
Field personnel		687,327	-	687,327
Fixed wing & fuel		214,615	-	214,615
Helicopter & fuel		742,513	3,748	746,261
Maintenance costs		116,379	4,000	120,379
Management fees	8	80,013	-	80,013
Transport		37,046	-	37,046
Travel		35,383	-	35,383
Other field expenses		28,600	-	28,600
Yukon Mining Incentive Program rebate		(37,500)	-	(37,500)
Cumulative exploration and evaluation property costs		7,095,616	8,726	7,104,342

Dawson Gold Project, Yukon

The Company was previously a 50/50 joint venture partner of ATAC Resources Ltd., formerly a public company related by certain common directors and officers, in respect to this project, which originally comprised four separate exploration properties: Touleary, Dan Man, Green Gulch and Shamrock.

Pursuant to a property purchase agreement dated August 2, 2016, the Company acquired ATAC's 50% joint venture interest in the Dawson Gold Project in consideration for the issue of 10,869,910 common shares and 5,000,000 share purchase warrants, and the granting of a 1% net smelter return ("NSR") royalty interest in any future production from any of the four Dawson properties. Each share purchase warrant entitled ATAC to purchase one common share of the Company at a price of $0.20 until August 19, 2021. All of these warrants expired unexercised. In July 2023 ATAC became a wholly-owned subsidiary of Hecla Mining Company, a U.S. public company.

During the year ended July 31, 2019 the Company sold its interest in the Green Gulch property to Strategic Metals Ltd. ('Strategic'), a public company related by a common senior officer, for consideration comprised of a 0.5% NSR royalty on any future mineral production from the property. Strategic can purchase the Company's royalty interest at any time for $500,000.

During the year ended July 31, 2020, the Company sold its 100% interest in the Dan Man property to Goldcorp Kaminak Ltd. ("Goldcorp Kaminak"), a subsidiary of Newmont Goldcorp Corporation ("Newmont"), in consideration for the following: (i) the return of 14,400,000 Arcus shares originally sold to Newmont in October of 2016 as part of a structured financing; and (ii) a 1%

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION PROPERTY INTERESTS *(continued)*

NSR royalty interest in any future commercial production from the Dan Man property. Goldcorp Kaminak also has the right to purchase the royalty interest at any time for $1,000,000.

During the year ended July 31, 2021, the Company allowed its interest in the claims comprising the Shamrock property to lapse.

For financial statement presentation purposes, the Touleary interest and both royalty interests are carried on the Company's Statements of Financial Position at $1 cash. The Company's current accounting policy is to expense the related exploration and property option costs as incurred, and such costs incurred from the inception of the Dawson Gold Project are disclosed cumulatively in the above table.

6. TRADE ACCOUNTS PAYABLE

	July 31, 2023	July 31, 2022
	$	$
Financial liabilities		
Trade accounts payable	8,922	2,555

All amounts are short term. The carrying value of trade accounts payable is considered a reasonable approximation of fair value.

7. AMOUNTS RECEIVABLE

The Company has amounts receivable from the Government of Canada due to statutory credits and has classified these receivables as non-financial assets.

8. RELATED PARTY DISCLOSURES

Relationships	**Nature of the relationship**
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Directors, and the Chief Financial Officer. The Company's President and Chief Executive Officer was also the Chief Operating Officer of ATAC until April 2023. The Company's CFO was a director of ATAC and ATAC's CEO, until July 2023, is a director of the Company.

Services provided for the year ended July 31, 2023	**Geological and project management services**	**Administrative Services**	**Amounts in Accounts Payable at July 31, 2023**
Key management	$ -	$ 350	$ -

Services provided for the year ended July 31, 2022	**Geological and project management services**	**Administrative Services**	**Amounts in Accounts Payable at July 31, 2022**
Key management	$ -	$ 500	$ 500

Refer also to notes 5 and 9.

(Expressed in Canadian Dollars)

9. EQUITY

At July 31, 2023 the authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid.

On October 27, 2021, the Company completed a non-brokered private placement of 12 million units at a price of $0.025 per unit to raise aggregate proceeds of $300,000. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of $0.05 per share.

In connection with this financing, Arcus paid a cash finders' fee of $14,200 and issued 568,000 finders' warrants. Each of the finders' warrants entitles the holder to purchase one Arcus common share at a price of $0.05 per share at any time on or before October 27, 2023. The Company has estimated a fair value of $18,000 for the finders' warrants, with the amount recorded as a non-cash share issue cost. Other share issuance costs of $2,250 were also paid in connection with this financing.

Directors of the Company participated in this financing as to an aggregate of 2.3 million units.

At July 31, 2023, the warrants related to the above-noted financing, in the total of 12,568,000, are the only share purchase warrants outstanding. Subsequent to July 31, 2023 all of these warrants expired unexercised.

On September 13, 2022, 250,000 options exercisable to purchase common shares of the Company at $0.16 per share expired unexercised. At July 31, 2023, the Company had no stock options outstanding.

Refer also to note 5.

10. DEMAND LOANS

These advances aggregating $66,250 were received from a director of the Company and a private company controlled by another director; they were non-interest bearing, due on demand, and repaid in their entirety during the year ended July 31, 2022.

11. TERM LOAN

In August 2020, the Company obtained federal government-sponsored financing by way of a $40,000 line of credit, which converted to a non-interest-bearing term loan on January 1, 2021. The non-interest-bearing nature of the loan was extended to December 31, 2023 and, in accordance with the terms of the loan, the balance was settled during the current fiscal year by the payment of $30,000. The Company has recorded a gain of $10,000 in respect to the remaining balance.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2023 $	2022 $
Net loss before income taxes	43,011	60,769
Expected income tax recovery at 27% (2022 – 27%)	11,614	16,408
Effect of current items	2,700	(1,604)
Change in valuation allowance	(14,314)	(14,804)
Income tax recovery	-	-

(Expressed in Canadian Dollars)

12. INCOME TAXES *(continued)*

The significant components of the Company's deferred income tax assets are as follows:

	As at July 31, 2023	As at July 31, 2022
	$	$
Variance of carrying amount of property costs from tax cost	3,257,219	3,248,492
Non-capital losses incurred	2,335,196	2,288,279
Share issuance costs incurred	10,528	13,160
Total deferred tax pools, net	5,602,943	5,549,931
Net deferred tax asset at 27% (2022 – 27%)	1,512,795	1,498,481
Valuation allowance	(1,512,795)	(1,498,481)
	-	-

The Company's current non-capital losses will expire as follows:

2027	$ 242,055
2028	473,769
2029	140,434
2030	191,883
2031	194,751
2032	213,840
2033	146,005
2034	136,712
2035	77,525
2036	48,977
2037	68,617
2038	89,983
2039	86,924
2040	77,729
2041	44,248
2042	54,827
2043	46,917
	$ 2,335,196

The Company's undeducted share issuance costs are amortized to non-capital losses on a straight line basis over 5 years.

Certain of the Company's deferred tax assets remain subject to assessment by Canadian taxation authorities.