KUTCHO COPPER CORP.

Condensed Consolidated Interim Financial Statements

October 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

KUTCHO COPPER CORP.
Condensed consolidated interim statements of financial position
(Expressed in Canadian dollars - unaudited)

	Notes	October 31, 2023	April 30, 2023
ASSETS			
Current assets			
Cash		$ 615,430	$ 3,844,984
Receivables	5	648,935	554,197
Prepaid expenses and deposits		66,122	265,953
		1,330,487	4,665,134
Non-current assets			
Investment	6	146,745	147,719
Reclamation deposit	7,11	182,900	160,000
Development assets	7	67,308,963	65,257,830
		67,638,608	65,565,549
TOTAL ASSETS		**$ 68,969,095**	**$ 70,230,683**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	9	$ 238,114	$ 574,257
Flow-through share liability	10	87,966	343,800
Trade payables and accrued liabilities		$ 326,080	918,057
Long-term liabilities			
Deferred streaming revenue	8	26,838,092	24,907,751
Asset retirement obligation	7,11	160,000	160,000
		26,998,092	25,067,751
TOTAL LIABILITIES		27,324,172	25,985,808
SHAREHOLDERS’ EQUITY			
Share capital	12	71,618,795	71,618,795
Share-based payment reserve	13	5,869,098	5,246,758
Deficit		(35,842,970)	(32,620,678)
TOTAL SHAREHOLERS’ EQUITY		41,644,923	44,244,875
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**$ 68,969,095**	**$ 70,230,683**

Nature and continuance of operations (Note 1)
Contingency (Note 17)
Approved and authorized for issuance on behalf of the Board of Directors on December 13, 2023:

“Vince Sorace”	*“Stephen Quin”*
Vince Sorace – Director	Stephen Quin – Director

KUTCHO COPPER CORP.

Condensed consolidated interim statements of comprehensive profit /(loss)

(Expressed in Canadian dollars - unaudited)

		Three months ended Oct. 31,		Six months ended Oct. 31,	
	Notes	**2023**	**2022**	**2023**	**2022**
Expenses					
Administration expenses		$ 41,239	$ 58,878	$ 89,917	$ 91,878
Consulting fees		23,877	22,500	58,159	25,250
Directors' fees	14	29,169	26,788	58,337	61,975
Management fees	14	201,750	127,500	329,250	211,695
Marketing and investor relations		104,021	182,393	198,377	375,364
Office and miscellaneous		35,253	27,166	60,724	101,201
Professional fees		85,418	19,061	109,249	55,182
Stock-based compensation	12,14	176,025	25,563	622,340	30,843
Transfer agent and filing fees		18,291	13,088	30,160	23,259
		(715,043)	(502,937)	(1,556,513)	(976,647)
Other income (expenses)					
Non-cash interest expense		(965,170)	-	(1,930,341)	-
Flow-through recovery		114,423	-	255,834	-
Change in fair value of investment	6	(103,803)	14,334	(974)	(169,689)
Foreign exchange gain/(loss)	8	(26,833)	(2,552,274)	9,702	(2,647,926)
		(981,383)	(2,537,940)	(1,665,779)	(2,817,615)
Net and comprehensive loss		**$ (1,696,426)**	**$ (3,040,877)**	**$ (3,222,292)**	**$ (3,794,262)**
Loss per share – basic and diluted	12	**$ (0.01)**	**$ (0.02)**	**$ (0.02)**	**$ (0.03)**

See accompanying notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars - unaudited)

	Notes	Share capital Number of shares	Share capital Amount	Share-based payment reserve	Deficit	Total
Balance, April 30, 2022		**115,985,198**	**$ 65,492,417**	**$ 5,929,856**	**$ (49,653,012)**	**$ 21,769,261**
Shares issued on exercise of options and warrants	12	9,714,499	2,939,669	(25,319)	-	2,914,350
Stock-based compensation	13,14	-	-	30,843	-	30,843
Expiry of warrants				(44,588)	44,588	-
Net and comprehensive loss		-	-	-	(3,794,262)	(3,794,262)
Balance, October 31, 2022		**125,699,697**	**$ 68,432,086**	**$ 5,890,792**	**$ (53,402,686)**	**$ 20,920,192**
Balance, April 30, 2023		**140,516,699**	**$ 71,618,795**	**$ 5,246,758**	**$ (32,620,678)**	**$ 44,244,875**
Stock-based compensation	13,14	-	-	622,340	-	622,340
Net and comprehensive loss		-	-	-	(3,222,292)	(3,222,292)
Balance, October 31, 2023		**140,516,699**	**$ 71,618,795**	**$ 5,869,098**	**$ (35,842,970)**	**$ 41,644,923**

See accompanying notes to the condensed consolidated interim financial statements

KUTCHO COPPER CORP.
Condensed consolidated interim statements of cash flows
(Expressed in Canadian dollars - unaudited)

	Six months ended October 31, 2023	2022
Operating activities		
Net loss	$ (3,222,292)	$ (3,794,262)
Adjustment for non-cash items		
Interest accrued	1,930,341	-
Stock-based compensation	622,340	30,843
Foreign exchange	36,535	2,647,368
Flow-through recovery	(255,834)	-
Change in fair value of investment and securities	974	169,689
Changes in non-cash working capital items:		
Receivables	(94,738)	(107,169)
Prepaid expenses and deposits	199,831	263,059
Advances	-	38,625
Trade payables and accrued liabilities	(334,502)	(739,273)
Net cash flows used in operating activities	(1,117,345)	(1,491,120)
Financing activities		
Proceeds on exercise of options and warrants	-	2,914,350
Net cash flows provided by financing activities	-	2,914,350
Investing activities		
Development expenditures, net of tax credits received	(2,112,209)	(1,218,812)
Net cash flows used in investing activities	(2,112,209)	(1,218,812)
Change in cash	(3,229,554)	204,418
Cash, beginning	3,844,984	903,409
Cash, ending	**$ 615,430**	**$ 1,107,827**

Supplemental disclosure with respect to cash flows – Note 16

See accompanying notes to the condensed consolidated interim financial statements

1. Nature and continuance of operation

Kutcho Copper Corp. (the "Company") was formed by the amalgamation of companies which became effective on April 15, 2015. On December 14, 2017, a wholly owned subsidiary, Kutcho Copper Holdings Corp. ("KC Holdings") completed the acquisition of Kutcho Copper Corp. ("KCC") by way of an amalgamation. The Company's common shares are traded on the TSX Venture Exchange (the "TSXV") under the trading symbol "KC" and on the OTCQX under the symbol "KCCFF".

The Company's principal activity is the acquisition and exploration of resource properties to determine whether these properties contain resource reserves that are economically recoverable and the development of the properties.

The principal address and registered office of the Company is 1030 West Georgia Street, Suite 717, Vancouver, British Columbia, Canada, V6E 2Y3.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge 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 at October 31, 2023, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. 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 factors 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 cash on hand, loans, private placement of common shares or other forms of capital raises. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material. Any future expenditures by the Company on its projects is entirely discretionary at the option of the Board and management.

2. Basis of preparation

Basis of preparation and statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed consolidated interim financial statements have been prepared on an accrual basis, based on historical costs, except for certain financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements were authorized for issue on December 13, 2023 by the directors of the Company.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, KC Holdings and Kutcho Copper (USA) Inc. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(Expressed in Canadian dollars - unaudited)

3. Material accounting policy information

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended April 30, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments were applied effective May 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

4. Accounting standards

Issued but not yet effective accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

5. Receivables

	October 31, 2023	April 30, 2023
Sales taxes recoverable	$ 608,531	$ 513,793
Other receivable	40,404	40,404
Total receivables	$ 648,935	$ 554,197

(Expressed in Canadian dollars - unaudited)

6. Investment

During the year ended April 30, 2019, the Company received 2,500,000 founders' shares in a technology company, MineHub Technologies Inc ("MineHub"). During the year ended April 30, 2020, the Company sold 500,000 of the shares to a third party for gross proceeds of $25,000. During the year ended April 30, 2021 the Company sold 1,250,000 of the shares to a third party for gross proceeds of $287,500. The shares of MineHub are listed on the TSXV but are subject to escrow restrictions.

As at October 31, 2023, the Company held 750,000 shares, of which 525,000 of the remaining shares were free trading and are recorded at their fair value by reference to the share price of MineHub on October 31, 2023. The remaining 225,000 shares were subject to specific lock-up terms and will be released in 2 different tranches. The fair value was based on discounting the latest share price by the fair value of the relevant lock-up period.

The discount was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

Number of shares	Expected life	Risk free rate	Expected volatility	Dividend yield
112,500	0.33	4.63%	100%	0%
112,500	0.83	4.63%	100%	0%

As at October 31, 2023, the fair value of the MineHub investment was determined to be $146,745 resulting in a fair value loss of $974 for the six months ended October 31, 2023 (six months ended October 31, 2022- fair value loss of $169,689).

7. Development assets

	October 31, 2023	April 30, 2023
Property acquisition costs		
Balance, beginning	$ 35,955,419	$ 35,955,419
Royalty re-purchase	-	-
Balance, ending	35,955,419	35,955,419
Exploration and evaluation costs		
Balance, beginning	29,302,411	23,186,294
Corporate social responsibility	-	76,696
Environmental	5,307	1,071,548
Permitting	-	1,290
Geotechnical	1,696	248,347
Metallurgy	66,218	46,534
Engineering	119,957	140,422
Exploration	1,516,610	138,325
Resource	155,937	74,961
General	173,871	180,467
Geology	11,537	11,472
Capitalized borrowing costs (Note 8)	-	4,126,055
Balance, ending	31,353,544	29,302,411
Total	$ 67,308,963	$ 65,257,830

7. Development assets (cont'd)

Kutcho, Canada

The Kutcho project, located in northern British Columbia, consists of one mining lease and 65 mineral exploration claims owned by the Company's subsidiary, KC Holdings. A reclamation deposit of $182,900 (April 30, 2023 - $160,000) is held by regulatory authorities and will be released to the Company on satisfactory restoration of the property. As at October 31, 2023 the Company had paid advances of $Nil (April 30, 2023 - $Nil) toward exploration and evaluation expenditures.

The Kutcho project is subject to the following terms:

1) upon receipt of a feasibility study, Royal Gold Inc. ("Royal Gold") and AMI Resources Inc. ("AMI") had a 120-day period to provide the Company written notice of its intention to earn a 50% back-in interest in the claims, subject to aggregate payments in two years equal to 300% of the eligible development expenditures on the Kutcho project to the Company. On February 15, 2022, the Company was advised by International Royalty Corporation, a successor to Royal Gold, that neither Royal Gold nor AMI would exercise the option to acquire the back-in interest in the Kutcho project. Upon their election not to back-in, Royal Gold and AMI became entitled to a Net Smelter Return ("NSR") royalty of 2% on the respective portion of the Kutcho project they sold to the Company.
2) Sumitomo Metal Mining Canada ("Sumitomo") was entitled to an NSR royalty of 2% on commercial production and a right of first refusal ("ROFR") on the sale of a portion of the concentrates from the Kutcho project. On July 31, 2021, the Company entered into an agreement with Sumitomo to buy back the royalty held by Sumitomo and terminated their ROFR. The total purchase price of the royalty buy-back and ROFR termination was US$3.2 million, which was paid during the year ended April 30, 2022. As a result of the repurchase, this royalty is no longer payable.
3) Wheaton Precious Metals Corp. ("Wheaton") has the right to purchase all gold and/or silver streams from the Kutcho project on terms and conditions agreed under the amended Precious Metals Purchase Agreement dated February 10, 2022 (Note 8).

During the year ended April 30, 2022, the Kutcho property demonstrated technical feasibility and commercial viability and the Company reclassified the costs incurred with respect to the Kutcho property from exploration and evaluation asset to development asset. The Company performed an impairment assessment upon reclassification, concluding the recoverable amount exceeded its carrying amount and therefore no impairment was required.

At April 30, 2023, the Company performed an impairment test on the Kutcho project as required by IAS 36. For the purposes of assessing impairment, the Company must identify its cash-generating units (CGU). Determination of what constitutes a CGU is subject to management judgment. The Company has determined that it has one CGU represented by the Kutcho project. The impairment test compared the carrying amount of the Kutcho project to its recoverable amount. The Company estimated the recoverable amount using the discounted cash flow model. The significant assumptions that impacted the resulting fair value include future metal prices, capital cost estimates, operating cost estimates, estimated reserves and resources and the discount rate. Upon completion of the impairment tests, the Company concluded that there was no impairment.

8. Precious Metals Purchase Agreement

On December 14, 2017, the Company entered into a definitive US$65 million Precious Metals Purchase Agreement (the "PMPA") with Wheaton in respect to the Kutcho project. Under the principal terms, Wheaton will pay the Company staged cash payments totaling US$65 million (the "Deposit") for 100% of the silver and gold production from Kutcho until 5.6 million ounces of silver and 51,000 ounces of gold have

8. Precious Metals Purchase Agreement (cont'd)

been delivered, at which point the stream will decrease to 66.67% of the silver and gold production for the life of the mine (the "Stream Reduction"). Wheaton will make an ongoing cash payment equal to 20% of the applicable spot price of silver and gold for each ounce delivered under the agreement. The Company received US$7 million as an early deposit (the "Early Deposit") to fund Feasibility Study expenditures at Kutcho. The balance of the US$65 million is payable in installments during construction of the Kutcho project. Wheaton would make an additional payment of up to US$20 million should the processing throughput at Kutcho be increased to 4,500 tons per day or more within 5 years of attaining commercial production (the "Expansion Payment").

Wheaton had the ability to terminate the PMPA at any point up to 90 days following delivery of a feasibility study, in which case the Early Deposit amounts advanced less US$1 million would become repayable in cash, with the deferral of cash payments under certain conditions for up to two years. The Company filed a Feasibility Study in December 2021.

The PMPA is subject to a "Back-In Right" clause, whereby Royal Gold had an option to exercise a Back-In Right to earn a 50% interest in certain claims of the Kutcho project. On February 15, 2022, the Company was advised by International Royalty Corporation, a successor to Royal Gold, that it would not exercise the option to acquire the back-in interest in the Kutcho project.

On February 10, 2022, the Company entered into an agreement with Wheaton to amend the terms of the PMPA (the "Amending Agreement"). Under the Amending Agreement, both the Expansion Payment and Stream Reduction requirements were removed. Additionally, it was agreed that the Residual Balance of the debts owing by the Company to Wheaton amounting to $28,912,839 (US$22,741,981) would be considered an additional Deposit (the "Additional Deposit"), bringing the total Deposit to $115,493,396 (US$87,774,981), of which Kutcho is deemed to have received a total of $38,088,156 (US$29,774,981). During the six months ended October 31, 2023, the Company recorded a foreign exchange loss of $nil (2022 – $95,820) related to the deposit liability.

The Amending Agreement allows Wheaton to terminate the PMPA under certain circumstances, requiring the Company to pay Wheaton such amount that would provide Wheaton with an internal rate of return of 15% on the Early Deposit and Additional Deposit and an internal rate of return of 5% on the balance of the Deposit of US$58,000,000.

The PMPA allows for 80% of the agreed sale price of product to be settled by way of a reduction of the Deposit liability and the remainder in cash. Once the Deposit liability is fully repaid, Wheaton will pay 20% of the market price of product in cash. The Company deems the PMPA to be a commodity arrangement with a financing component. Accordingly, the Company computes a discount rate with reference to the timing difference of the anticipated Deposit to be received compared with the price that would otherwise be paid in cash on estimated future product deliveries. The Company accrues inferred interest on the Deposit at the computed discount rate and capitalizes the cost to the related project during the development phase, increasing the PMPA liability. Upon delivery of product, the revenue will be recognized and the Deposit and the accrued inferred interest liability reduced accordingly. The accrued interest is a non-cash item that will not impact cash flow until delivery of product.

During the year ended April 30, 2023, the Company updated its cash flow model as a result on an assumed four-year delay in the modelled commencement of production for the purpose of valuing deferred streaming revenue. The Company used an estimated discount rate of 15.37%, long-term gold price estimate of $2,105 per ounce, long-term silver price estimate of $26 per ounce and product deliveries over

(Expressed in Canadian dollars - unaudited)

8. Precious Metals Purchase Agreement (cont'd)

approximately 15 years, all consistent with the previous year. The updated cash flow model resulted in a catch-up reduction in the deferred streaming revenue of $19,644,303 at April 30, 2023, with a resulting gain recognized on the statement of comprehensive income (loss).

During the six months ended October 31, 2023, the Company accrued $1,930,341 in inferred interest (2022 - $3,040,090 capitalized to the development assets), using an estimated financing rate of 15.37%, long-term gold price estimate of $2,105 per ounce, long-term silver price estimate of $26 per ounce and product deliveries over approximately 15 years to fully extinguish the PMPA liability.

The PMPA is secured by all present and after-acquired property and assets of the Company.

9. Trade payables and accrued liabilities

	October 31, 2023	April 30, 2023
Trade payables	$ 162,639	$ 499,865
Accrued liabilities	75,475	74,392
	$ 238,114	$ 574,257

10. Flow-through share liability

On April 28, 2023, the Company closed a private placement comprising of 7,941,000 units at a price of $0.25 per unit, and 6,876,002 flow-through units at a price of $0.30 per flow-through unit, for gross proceeds of $4,048,049 (Note 12). The flow-through units were issued at a premium of $0.05 per flow-through unit, calculated as the difference in the price per flow-through unit and the price of a non-flow-through unit sold as part of the same offering, as tax deductions generated by the eligible expenditures will be passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced. The flow-through share liability related to the 6,876,002 flow-through shares was calculated to be $343,800 and represents the Company's obligation to spend $2,062,801 on eligible expenditures.

During the six months ended October 31, 2023, flow through recovery of $255,834 was recognized, based on eligible expenditures during the period.

11. Asset retirement obligation

At October 31, 2023 and April 30, 2023, the Company has recognized an asset retirement obligation of $160,000 based on the current estimate of future restoration costs.

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At October 31, 2023, there were 140,516,699 issued and fully paid common shares (April 30, 2023 – 140,516,699).

Share issuances

<u>*Six months ended October 31, 2023:*</u>

There were no shares issued during the six months ended October 31, 2023.

(Expressed in Canadian dollars - unaudited)

12. Share capital (continued)

Six months ended October 31, 2022:

During the six months ended October 31, 2022 the Company issued 9,714,499 common shares in connection with the exercise of common share purchase warrants for gross proceeds of $2,914,350.

Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted average exercise price
Outstanding, April 30, 2022	13,602,061	$ 0.32
Issued	8,265,091	$ 0.42
Expired	(3,587,562)	$ 0.30
Exercised	(9,714,499)	$ 0.30
Outstanding, April 30, 2023	8,565,091	$ 0.44
Expired	-	$ -
Outstanding, October 31, 2023	8,565,091	$ 0.44

Details of warrants outstanding as of October 31, 2023 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$1.00	January 28, 2024	300,000
$0.40	April 28, 2025	4,391,270
$0.45	April 28, 2025	3,873,821
		8,565,091

At October 31, 2023, the weighted-average remaining contractual life of warrants outstanding was 1.45 years.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted.

(Expressed in Canadian dollars - unaudited)

12. Share capital (continued)

Stock options (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Options outstanding, April 30, 2022	9,850,000	$ 0.56
Granted	4,300,000	0.34
Expired	(4,005,000)	0.53
Options outstanding, April 30, 2023	10,145,000	$ 0.48
Granted	750,000	0.25
Options outstanding, October 31, 2023	10,895,000	$ 0.46
Options exercisable, October 31, 2023	7,857,500	$ 0.51

Details of options outstanding as of October 31, 2023 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$0.35	January 21, 2024	945,000
$0.25	September 1, 2025	1,375,000
$0.55	March 25, 2026	1,225,000
$0.60	August 31, 2026	100,000
$0.90	January 30, 2027	2,200,000
$0.25	July 12, 2027	500,000
$0.35	February 7, 2027	3,800,000
$0.25	May 1, 2028	750,000
		10,895,000

At October 31, 2023, the weighted-average remaining contractual life of options outstanding was 3.17 years.

Six months ended October 31, 2023:

On May 1, 2023, the Company granted 750,000 stock options to a consultant of the Company at an exercise price of $0.25 per common shares for a period of five years ended May 1, 2028 which vested immediately. The total fair value of these options on grant date was $131,911 and was recognized in stock-based compensation expense, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 3.10%; expected life of 5 years; expected volatility of 104% and a dividend yield of nil.

Year ended April 30, 2023:

On July 12, 2022, the Company granted 500,000 stock options to an executive of the Company at an exercise price of $0.25 per common shares for a period of five years ended July 12, 2027. The options vested in four tranches, every six months. The total fair value of these options on grant date was $97,803, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 3.10%; expected life of 5 years; expected volatility of 98% and a dividend yield of nil. Stock-based compensation expense of $19,239 was recognized, representing the vesting that occurred for the six months ended October 31, 2023.

12. Share capital (continued)

Stock options (continued)

On February 7, 2023, the Company granted 3,550,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.35 per common shares for a period of five years ended February 7, 2028. The options vest 25% every six months from the grant date for a period of 2 years. The total fair value of these options on grant date was $1,115,878, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 3.20%; expected life of 5 years; expected volatility of 103% and a dividend yield of nil. Stock-based compensation of $457,276 was recognized, representing the vesting that occurred for the six months ended October 31, 2023.

On February 7, 2023, the Company granted 250,000 stock options to consultants of the Company at an exercise price of $0.35 per common shares for a period of five years ended February 1, 2028. The options vest 25% every three months from the grant date for a period of 1 year. The options were granted to an external consultant who does not perform employee-like services, and therefore the options are valued in tranches on the vesting date. The fair value of the first three tranches of options were $14,849, $8,196, and $5,716 respectively, all of which were recognized in stock-based compensation, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 3.20%; expected life of 5 years; expected volatility of 103% and a dividend yield of nil.

Stock-based compensation of $13,912 was recognized, representing the vesting that occurred for the six months ended October 31, 2023.

During the year ended April 30, 2023, 4,005,000 stock options that had previously been granted were either cancelled or expired. The previously recognized stock-based compensation expense of $1,189,949 was reclassified to deficit.

During the six months ended October 31, 2023, stock-based compensation of $622,340 was recognized (2022 - $30,843).

Loss per share

The calculation of basic and diluted loss per share for the six months ended October 31, 2023 and 2022 was based on the loss attributed to common shareholders of $3,222,292 (202 – $3,794,262) and the weighted average number of common shares outstanding of 140,516,699 (2022 – 123,261,320).

13. Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

14. Related party transactions

The Company holds 750,000 shares in a TSXV listed company with directors and officers in common. This investment is measured at its estimated fair value which at October 31, 2023 was $146,745. (Note 6).

14. Related party transactions (continued)

Key management personnel include directors and senior officers of the Company. Compensation paid to key management is as follows:

	Three months ended Oct. 31, 2023	Three months ended Oct. 31, 2022	Six months ended Oct. 31, 2023	Six months ended Oct. 31, 2022
Aggregate cash compensation	$ 230,918	$ 154,287	$ 387,587	$ 273,670
Stock based compensation	151,927	20,283	424,991	25,563
	$ 382,846	$ 174,570	$ 812,578	$ 299,233

During the six months ended October 31, 2023, the Company paid consulting fees of $60,090 (2022: $23,400) to officers or companies managed by officers of the Company, which was capitalized in exploration and evaluation assets, and is included in the aggregate cash compensation figure in the table above.

15. Financial risk and capital management

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 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. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

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 is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. Cash balances of $5,246 are held in US dollars at October 31, 2023.

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. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

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. This risk is considered to be high.

(Expressed in Canadian dollars - unaudited)

15. Financial risk and capital management (continued)

Liquidity risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2023:

	Within one year	Between one and five years	More than five years
Trade payables	$ 162,639	$ -	$ -
Deposit liability	-	-	$ 26,838,092
	$ 162,639	$ -	$ 26,838,092

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. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. The interest rate on the convertible debt and loans was fixed. This risk is considered to be minimal.

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.

Fair value

The fair value of the Company's financial assets and liabilities approximates the 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 cash and marketable securities are measured at fair value level 1 inputs. The fair value of marketable securities was determined by reference to the underlying share price quoted on the open market at the reporting date. The fair value of the Company's investment is measured using level 1 inputs for the free trading shares and using level 2 inputs for the shares subject to lock-up terms, based on discounting the most recent share price by the fair value of the relevant lock-up period.

16. Supplemental disclosure with respect to cash flows

As at October 31, 2023, there was $187,135 in accounts payable relating to exploration and evaluation expenditures (2022 – $49,452). As at October 31, 2023, there was $Nil in advances related to development expenditures (2022 - $Nil). Non-cash transactions for the six months ended October 31, 2023 include

16. Supplemental disclosure with respect to cash flows (continued)

capitalized borrowing costs included in the development asset related to the deposit liability of $Nil (2022 - $3,040,090) (Notes 7 and 8).

17. Contingency

Tax returns were filed for KC Holdings for the years ended April 30, 2019 and April 30, 2020 in which Cumulative Canadian Exploration Expense ("CCEE") amounts of approximately $11.4 million and $1.0 million were reported respectively, stemming from the work program undertaken on the Kutcho project in 2018 and 2019. BCMETC claims were filed for these amounts in the tax returns. The initial assessments by Canada Revenue Agency ("CRA") allowed these claims, resulting in a refund to KC Holdings of approximately $1.4 million. A subsequent audit of KC Holdings by CRA resulted in a reassessment, which reduced the BCMETC claims to approximately $2.0 million. KC Holdings has received a Notice of Determination of the losses from CRA, allowing the Company to proceed with the filing of an objection to the reassessments as the Company believes the original claims were appropriately filed. The Company is not able to determine the possible outcome of such objection as at the date of the consolidated financial statements. If the objection is unsuccessful, the total liability to the Company would be approximately $1.4 million related to the BC METC.

Also, in the April 30, 2019 tax year, the Company raised $4,140,000 in flow-through financing which funded the CCEE incurred in that year. The Company renounced $4,140,000 in 2019, passing on this tax benefit to the flow-through investors. If the objection related to the BC METC claim is unsuccessful, it could trigger amendments to the amount of CCEE renounced to the flow-through investors. The Company is not able to determine the possible outcome as at the date of the financial statements; however, the maximum exposure to the Company would be approximately $2.9 million.