CHURCHILL RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated interim financial statements Churchill Resources Inc. for the three months ended November 30, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Table of Contents

(Expressed in Canadian Dollars)

As at	Note(s)	November 30, 2022 $	August 31, 2022 $
ASSETS			
Current assets			
Cash		274,227	2,163,381
Harmonized sales tax receivable		636,821	454,980
Prepaid expenses		128,101	35,965
Deposits		10,650	-
		1,049,799	**2,654,326**
Non-current assets			
Reclamation deposits		5,000	5,000
Equipment		-	11,683
Exploration and evaluation assets	3	2,100,016	990,016
		2,105,016	**1,006,699**
TOTAL ASSETS		**3,154,815**	**3,661,025**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	403,407	738,379
Flow through shares premium liability	7	-	84,427
Lease obligation	4	-	13,670
TOTAL LIABILITIES		**403,407**	**836,476**
SHAREHOLDERS' EQUITY			
Share capital	5	13,314,760	12,234,760
Warrants reserve	5	683,886	683,886
Stock options reserve	5	871,840	871,730
Accumulated deficit		(12,119,078)	(10,965,827)
TOTAL SHAREHOLDERS' EQUITY		**2,751,408**	**2,824,549**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,154,815**	**3,661,025**

Nature and continuance of operations	1
Commitments	7
Segmented information	8
Subsequent events	5

These unaudited condensed consolidated interim financial statements were approved for issue by the directors of the Company and signed on its behalf by:

/s/ Jesse Liu-Ernsting Director **/s/ William Fisher Director**

(Expressed in Canadian Dollars)

		For the three months ended	
	Note(s)	November 30, 2022 $	November 30, 2021 $
Expenses			
Consulting fees		3,313	22,500
Depreciation		-	3,961
Exploration and evaluation costs	3, 6	1,117,257	838,361
General and administrative expenses	6	19,762	8,253
Professional fees	6	64,032	82,093
Salaries and wages		1,155	-
Share-based payments	5	110	54,170
Shareholder information and investor relations		34,163	87,804
		(1,239,792)	**(1,097,142)**
Other income (expenses)			
Accretion of interest of lease obligation		-	(808)
Finance income		127	332
Foreign exchange gain (loss)		-	(60)
Gain on modification of lease	4	1,987	-
Penalties and interest on flow-through shares		-	(4,761)
Other income	7	84,427	171,325
		86,541	**166,028**
Loss and comprehensive loss		**(1,153,251)**	**(931,114)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.02)**	**(0.02)**
Weighted average number of common shares outstanding - basic and diluted		**64,088,531**	**43,108,507**

CHURCHILL RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in Canadian Dollars)

	Note(s)	Share capital #	Share capital $	Obligation to issue shares $	Warrants reserve $	Stock options reserve $	Accumulated deficit $	TOTAL $
Balance as of August 31, 2022		**59,736,883**	**12,234,760**	**-**	**683,886**	**871,730**	**(10,965,827)**	**2,824,549**
Shares issued for exploration and evaluation assets	3, 5	9,000,000	1,080,000	-	-	-	-	**1,080,000**
Share-based payments	5	-	-	-	-	110	-	**110**
Loss and comprehensive loss		-	-	-	-	-	(1,153,251)	**(1,153,251)**
Balance as of November 30, 2022		**68,736,883**	**13,314,760**	**-**	**683,886**	**871,840**	**(12,119,078)**	**2,751,408**

	Note(s)	Share capital #	Share capital $	Obligation to issue shares $	Warrants reserve $	Stock options reserve $	Accumulated deficit $	TOTAL $
Balance as of August 31, 2021		**43,354,822**	**8,507,960**	**5,000**	**38,946**	**412,569**	**(6,089,061)**	**2,875,414**
Shares issued for cash - exercise of stock options	5	105,181	17,881	-	-	-	-	**17,881**
Shares issued for exploration and evaluation assets	3, 5	102,544	28,800	(5,000)	-	-	-	**23,800**
Reclassification of grant-date fair value on exercise of stock options	5	-	13,379	-	-	(13,379)	-	**-**
Share-based payments	5	-	-	-	-	54,170	-	**54,170**
Loss and comprehensive loss		-	-	-	-	-	(931,114)	**(931,114)**
Balance as of November 30, 2021		**43,562,547**	**8,568,020**	**-**	**38,946**	**453,360**	**(7,020,175)**	**2,040,151**

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended November 30, 2022 $	November 30, 2021 $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss		(1,153,251)	(931,114)
Accretion of interest of lease obligation		-	808
Depreciation		-	3,961
Gain on modification of lease	4	(1,987)	-
Other income	7	(84,427)	(171,325)
Share-based payments		110	54,170
Net changes in non-cash working capital items:			
Amounts receivable		(181,841)	(156,742)
Prepaid expenses		(92,136)	(73,631)
Deposits		(10,650)	-
Accounts payable and accrued liabilities		(334,972)	48,334
Cash flow used in operating activities		**(1,859,154)**	**(1,225,539)**
INVESTING ACTIVITIES			
Acquisition costs on exploration and evaluation assets	3	(30,000)	-
Cash flow used in investing activities		**(30,000)**	**-**
FINANCING ACTIVITIES			
Lease payments	5	-	(4,620)
Proceeds on issuance of common shares, net of cash share issue costs	5	-	17,881
Cash flow provided by financing activities		**-**	**13,261**
Decrease in cash		**(1,889,154)**	**(1,212,278)**
Cash, beginning of period		**2,163,381**	**2,715,709**
Cash, end of period		**274,227**	**1,503,431**
Supplemental cash flow information			
Cash paid for income taxes		-	-
Cash paid for interest		-	-
Reclassification of current portion of lease obligation		-	2,190
Reclassification of grant-date fair value on exercise of stock options		-	13,379
Shares issued for exploration and evaluation assets	3, 5	1,080,000	28,800

1. NATURE AND CONTINUANCE OF OPERATIONS

Churchill Resources Inc. ("CRI" or the "Company") was incorporated under the Business Corporations Act of Ontario on April 4, 2017. The Company is listed on the TSX Venture Exchange (the "Exchange") under the symbol "CRI". The Company's registered office is located at Suite 505, 133 Richmond Street West, Toronto, Ontario, M5H 2L3 and the records office is located at 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2.

At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. As of November 30, 2022, the Company had working capital of $646,392 (August 31, 2022 – $1,817,850) and an accumulated deficit of $12,119,078 (August 31, 2022 – $10,965,827). These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These unaudited condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Company for the three months ended November 30, 2022 were approved by the Board of Directors on January 27, 2023.

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended August 31, 2022.

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2022 that impacted these condensed consolidated interim financial statements.

3. EXPLORATION AND EVALUATION ASSETS

	Taylor Brook	Florence Lake	Others	TOTAL
	$	$	$	$
Balance as of August 31, 2022	**752,230**	**236,366**	**1,420**	**990,016**
Acquisition costs				
- cash	30,000	-	-	**30,000**
- shares	1,080,000	-	-	**1,080,000**
	1,110,000	**-**	**-**	**1,110,000**
Balance as of November 30, 2022	**1,862,230**	**236,366**	**1,420**	**2,100,016**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Taylor Brook Property, Newfoundland

On December 18, 2020 (the "TB Execution Date"), the Company signed an option agreement (the "1st TB Option Agreement") with Altius to acquire 100% interest of the mining claims (the "TB Claims") known as the Taylor Brook Nickel-Copper-Cobalt Project. The Company will have the exclusive right for a period of 24 months (the "TB Option Period") to acquire an undivided 100% interest in the TB Claims.

Pursuant to the 1st TB Option Agreement, the Company will:

1) Issue 2,423,180 common shares of Churchill Diamond Corporation ("CDC"), a wholly owned subsidiary of the Company, or such number which is equivalent to 9.9% of the common shares issued and outstanding of CDC at the date of issuance, to Altius upon the Execution Date (issued on the TB Execution Date with fair value of $605,795);

2) Incur a minimum of $250,000 in exploration expenditures on the Claims within 12 months following the TB Execution Date (incurred);

3) Complete an equity financing with an amount of at least $1 million with a share price of not less than $0.25 (the "$1M Private Placement") within 12 months following the TB Execution Date (completed);

4) Issue common shares which will result in Altius' post the $1M Private Placement ownership at 19.9% based on the common shares issued and outstanding of the Company at the date of issuance, to Altius within 24 months following the TB Execution Date[(1)(2)];

5) Commencing a transaction that will result in the Company becoming a reporting issuer in at least one province of Canada (the "Going Public Transaction") within 12 months following the TB Execution Date and complete the Going Public Transaction within 24 months following the TB Execution Date (completed); and

6) Enter into an investor rights agreement (the "TB Investor Rights Agreement") with Altius[(1)].

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1 Altius forfeited the investor rights by electing not to maintain their pro-rata interest following a financing that was completed prior to the completion of the RTO by the Company.

2 On October 18, 2022, as the Company satisfied all the obligations under the 1st TB Option Agreement, the Company exercised the option to acquire a 100% interest in the TB Claims by issuing 9,000,000 common shares of the Company with fair value of $1,080,000 to Altius and entering into a Taylor Brook royalty agreement (the "Taylor Brook Royalty Agreement") of which the Company granted a 1.6% royalty to Altius.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Taylor Brook Property, Newfoundland (continued)

The TB Investor Rights Agreement will entitle Altius to designate one nominee for the election to the board of directors of the Company and will grant the right to Altius to participate in the Future Financings undertaken by the Company on the same terms which are offered to third parties to subscribe the common shares of CDC or the Company to maintain Altius' post Future Financings ownership in the Company at 19.9% of the issued and outstanding common shares of the Company.

On August 30, 2021 (the "2nd TB Execution Date"), the Company entered into two option agreements ("2nd TB Option Agreements") with two optionors on properties adjacent to the Taylor Book Property.

Pursuant to the 2nd TB Option Agreement with the first optionor, the Company optioned 4 contiguous claims under one mineral license. Under the term of the 2nd TB Option Agreement with the first optionor, the Company will pay or issue:

• On the 2nd TB Execution Date:	$10,000 cash[1 2] (paid)
• Within 5 days of receipt of regulatory approval:	35,000 common shares (issued; fair value of $9,800)[3]
• On or before August 30, 2022:	$15,000 cash (paid) and 45,000 common shares (issued; fair value of $10,350)
• On or before August 30, 2023:	$50,000 cash[4] and 100,000 common shares

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[1] The Company has an option to satisfy $2,500 by issuing the common shares of the Company. The share price will be determined based on the 5-day Volume Weighted Average Trading Price ("VWAP") of the Company's common shares on the Exchange.

[2] The Company selected to satisfy the $2,500 by issuing the Company's common shares. 8,772 common shares were issued on September 7, 2021 (Note 5).

[3] An approval was received in September 2021, and 35,000 common shares were issued on September 7, 2021 (Note 5).

[4] The Company has an option to satisfy $20,000 by issuing the common shares of the Company with a written notice provided to the first optionor 10 days prior to the payment date. The share price will be determined based on the 5-day VWAP of the Company's common shares on the Exchange.

On execution of the 2nd TB Option Agreements, the Company granted a 2.0% Net Smelter Returns royalty ("NSR") to the first optionor, of which 1.0% of the NSR may be purchased by the Company for $1 million.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Taylor Brook Property, Newfoundland (continued)

Pursuant to the 2nd TB Option Agreement with the second optionor, the Company optioned 15 contiguous claims under one mineral license. Under the term of the 2nd TB Option Agreement with the second optionor, the Company will:

- On the 2nd TB Execution Date: $10,000 cash[1 2] (paid)
- Within 5 days of receipt of regulatory approval: 50,000 common shares (issued; fair value of $14,000)[3]
- On or before August 30, 2022: $15,000 cash (paid) and 100,000 common shares (issued; fair value of $23,000)
- On or before August 30, 2023: $50,000 cash[4] and 200,000 common shares

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1 The Company has an option to satisfy $2,500 by issuing the common shares of the Company. The share price will be determined based on the 5-day Volume Weighted Average Trading Price ("VWAP") of the Company's common shares on the Exchange.

2 The Company selected to satisfy the $2,500 by issuing the Company's common shares. 8,772 common shares were issued on September 7, 2021 (Note 5).

3 An approval was received in September 2021, and 50,000 common shares were issued on September 7, 2021 (Note 5).

4 The Company has an option to satisfy $20,000 by issuing the common shares of the Company with a written notice provided to the first optionor 10 days prior to the payment date. The share price will be determined based on the 5-day VWAP of the Company's common shares on the Exchange.

On execution of the 2nd TB Option Agreements, the Company granted a 2.0% Net Smelter Returns royalty ("NSR") to the second optionor, of which 1.0% of the NSR may be purchased by the Company for $1 million.

During the year ended August 31, 2022, Altius agreed to assign five mineral licenses to the Company. Under the terms of the agreement, the Company reimbursed the staking deposits of $52,450 to Altius and grant Altius a 1.6% gross sales royalty on the five assigned licenses. The Company refers to these licenses as the Cormack Property.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Florence Lake Property, Newfoundland

On July 23, 2021 (the "FL Execution Date"), the Company entered into a definitive option agreement (the "FL Option Agreement") with Altius to acquire 100% undivided interest in certain mining claims comprising the Florence Lake Property. The Company will have the exclusive option for a period of 24 months (the "FL Option Period") to acquire an undivided 100% ownership interest in the Florence Lake Property.

Pursuant to the terms (the "FL Terms") of the FL Option Agreement will:

- Issue 1,373,946 common shares of the Company to Altius (issued with fair value of $233,571 on the FL Executive Date);
- Incur a minimum of $1,500,000 in exploration expenditures within 12 months following the FL Executive Date[1];
- Complete an equity financing with an amount of at least $4 million (the "$4M Private Placement") (completed);
- Issue the lesser of 7,000,000 common shares or a number of shares which will not constitute Altius owning more than 19.9% of the issued and outstanding common shares of the Company on a partially diluted basis[2] immediately after the issuance.
- Provide Altius with a nomination right to elect one nominee to the board of directors of the Company until such time that Altius beneficially owns less than 9.9% of the common shares of the Company; and
- Provide Altius with a pre-emptive right to Altius to participate in the Future Financings undertaken by the Company on the same terms which are offered to third parties to subscribe the common shares of the Company to maintain Altius' post Future Financings ownership in the Company at 19.9% of the issued and outstanding common shares of the Company until such time that Altius beneficially owns less than 9.9% of the issued and outstanding common shares of the Company.

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1 The Company is currently working with Altius for an extended term.

2 Partially diluted basis is defined as the number of common shares of the Company and any convertible securities (the "Convertible Securities") which are convertible to the Company's common shares held by Altius divided by the number of issued and outstanding common shares of the Company and the Convertible Securities.

Upon the option being deemed to have been exercised in accordance with the FL Terms, the Company will issue the grant to Altius a 1.6% gross sales royalty on any minerals produced from the claims comprising the Florence Lake Property. As of November 30, 2022, the Company did not elect to exercise the option.

During the year ended August 31, 2022, the Company made a reclamation deposit of $5,000 for the Florence Lake Property.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Company's exploration and evaluation expenditures during the three months November 30, 2022 are broken down as follows:

	Taylor Brook $	Florence Lake $	TOTAL $
For the three months ended November 30, 2022			
Consulting	219,046	46,934	265,980
Drilling	147,671	-	147,671
Equipment rental	77,166	7,335	84,501
Field work	726	1,377	2,103
Helicopter	-	183,494	183,494
Line cutting	14,804	-	14,804
Mapping	1,650	-	1,650
Salaries and wages	14,400	-	14,400
Sample	66,197	105,787	171,984
Survey	98,070	-	98,070
Travel	108,148	24,452	132,600
	747,878	**369,379**	**1,117,257**

The Company's exploration and evaluation expenditures during the three months November 30, 2021 are broken down as follows:

	Pelly Bay $	Taylor Brook $	Florence Lake $	Total $
For the three months ended November 30, 2021				
Consulting	47,803	197,485	985	**246,273**
Drilling	-	359,974	-	**359,974**
Equipment rental	-	1,080	-	**1,080**
Field work	-	77,948	4,190	**82,138**
Licenses and permits	-	650	-	**650**
Mapping	-	9,813	-	**9,813**
Sample	-	917	-	**917**
Survey	-	6,767	-	**6,767**
Transportation	-	31,254	-	**31,254**
Travel	-	99,495	-	**99,495**
	47,803	**785,383**	**5,175**	**838,361**

4. LEASE OBLIGATION

During the three months ended November 30, 2022, the Company entered into a new lease agreement which is considered a short-term lease to replace the original lease agreement. As a result of the termination of the original lease agreement, the Company recognized a gain on modification of lease of $1,987 during the three months ended November 30, 2022.

5. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital
At November 30, 2022 the Company had 68,736,883 (August 31, 2022 – 59,736,883) common shares issued and outstanding.

Escrow shares
On August 13, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- June 16, 2021: 1,205,883 common shares (released)
- December 16, 2021: 1,205,883 common shares (released)
- June 16, 2022: 1,205,883 common shares (released)
- December 16, 2022: 1,205,884 common shares (released subsequent to November 30, 2022)

On June 16, 2021, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- June 16, 2021: 1,001,680 common shares (released)
- December 16, 2021: 1,349,827 common shares (released)
- June 16, 2022: 1,655,212 common shares (released)
- December 16, 2022: 1,655,212 common shares (released subsequent to November 30, 2022)
- June 16, 2023: 1,960,596 common shares
- December 16, 2023: 1,960,597 common shares
- June 16, 2024: 3,487,521 common shares

As of November 30, 2022, there were 10,269,810 common shares held in escrow (August 31, 2022 – 10,269,810).

During the three months ended November 30, 2022

- On October 18, 2022, the Company exercised the option to acquire a 100% interest in the TB Claims by issuing 9,000,000 common shares of the Company to Altius (Note 3).

During the three months ended November 30, 2021

- The Company issued 17,544 common shares to satisfy the $5,000 option payments pursuant to the 2nd TB Option Agreement (Note 3).

- The Company issued 85,000 common shares with fair value of $ 23,800 pursuant to the 2nd TB Option Agreement (Note 3).

- 105,181 stock options were exercised for proceeds of $17,881. In addition, the Company reclassified the grant date fair value of the exercised stock options of $13,379 from stock options reserve to share capital.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

Subsequent to November 30, 2022

- On December 30, 2022, the Company completed a non-brokered private placement (the "2022 Financings") of 4,634,170 flow-through units ("2022 FT Unit") at a price of $0.15 for gross proceeds of $695,000. Each 2022 FT Unit consisted of one common share of the Company issued as a flow-through share within the meaning of the Income Tax Act (Canada) ("FT Share") and one half of one common share purchase warrant (each whole warrant, a "2022 Warrant"). Each 2022 Warrant will entitle the holder thereof to purchase one common share of the Company at a price of $0.22 for a period of 24 months.

  Red Cloud Securities Inc. acted as a finder in connection with the 2022 Financings and received a cash finder's fees of $45,854 and 305,690 finder warrants of the Company (the "2022 Finder's Warrants"). Each 2022 Finder's Warrant is exercisable to acquire one common share of the Company at a price of $0.15 on or before December 30, 2024.

Warrants

There were no warrants issued, exercised or expired during the three months ended November 30, 2022 and 2021.

The following summarizes information about warrants outstanding at November 30, 2022:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
August 27, 2023	0.40	269,275	38,946	0.74
December 30, 2023	0.28	163,712	15,654	1.08
December 30, 2023	0.42	1,201,628	-	1.08
March 31, 2024	0.32	828,124	121,072	1.33
March 31, 2024	0.48	6,352,675	508,214	1.33
		8,815,414	**683,886**	**1.27**
Weighted average exercise price ($)		**0.45**		

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers, and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the Plan, an option's maximum term is five years from the grant date. Under the Plan, the Board has the option of determining vesting periods.

There were no options issued, exercised or expired during the three months ended November 30, 2022.

During the three months ended November 30, 2021

- On September 1, 2021, the Company granted 250,000 options with an exercise price of $0.30 to a consultant. The options are exercisable for a period of five years. One-fourth vest three months after the grant date and will vest every three months thereafter.

- On September 1, 2021, the Company granted 250,000 options with an exercise price of $0.30 to a consultant. The options are exercisable for a period of five years. One-fourth vest on date of the grant, one-fourth vest six months after the grant and one and half will be vest one year thereafter.

During the three months ended November 30, 2022, the Company recognized share-based payments expense arising from stock options of $110 (November 30, 2021 – $54,170).

The following summarizes information about stock options outstanding and exercisable at November 30, 2022:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
March 20, 2025	0.25	1,800,000	1,800,000	323,376	2.30
September 1, 2026	0.30	500,000	500,000	106,928	3.76
June 6, 2027	0.30	2,500,000	2,500,000	419,240	4.52
		4,800,000	**4,800,000**	**849,544**	**3.61**
Weighted average exercise price ($)		**0.28**	**0.28**		

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management includes executive officers and directors.

The transactions related to and the compensation paid to the Company's key management personnel during the three months ended November 30, 2021 and 2020 are as follows:

- The Company incurred the following expenses to a consulting firm of which the Company's Chief Executive Officer is the owner:

  - Professional fees of $30,000 (November 30, 2021 – $30,246);
  - Exploration and evaluation expenses of $36,360 (November 30, 2021 – $52,532); and
  - Rent expenses of $6,900 (November 30, 2021 – Lease payments of $4,620).

  As of November 30, 2022, $34,223 (August 31, 2022 – $55,996) was owed to companies controlled by the Chief Executive Officer.

- The Company incurred professional fees of $16,456 (November 30, 2021 – $18,496) with an accounting firm of which the Company's Chief Financial Officer is a partner. As at November 30, 2022, $6,300 (August 31, 2022 – $4,778) was owed to this partnership.

7. COMMITMENTS

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of the flow-through premium is recorded as other income.

Based on Canadian tax law, the Company is required to spend the proceeds from the issuance of the flow-through shares on eligible exploration expenditures within two years from the date of issuance. If the Company is unable to meet this deadline, it will be subject to Part XII.6 taxes in accordance with the Canadian Income Tax Act.

A continuity of the flow-through share premium liability during the three months ended November 30, 2022 is as follows:

	$
Balance as of August 31, 2022	**84,427**
Settlement on expenditures made recorded as other income	(84,427)
Balance as of November 30, 2022	**-**

8. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of exploration and evaluation assets. All of the Company's equipment and exploration and evaluation assets are located in Canada.

(Expressed in Canadian Dollars)

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets, acquire additional exploration interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the three months ended November 30, 2022.

10. FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	November 30, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	274,227	-	274,227	-
Deposits	10,650	-	10,650	-
Reclamation deposits	5,000	-	5,000	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(403,407)	-	(403,407)	-

	August 31, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	2,163,381	-	2,163,381	-
Reclamation deposits	5,000	-	5,000	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(738,379)	-	(738,379)	-
Lease obligation	(13,670)	-	(13,670)	-

10. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Reclamation deposits approximately their fair value due to their liquidity.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 Inputs that are not based on observable market data.

As at November 30, 2022 and August 31, 2022, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to financial instruments fails to meet its contractual obligations. The Company’s exposure to credit risk includes cash and sales taxes receivable.

The Company’s cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company’s sales taxes receivable consists of HST receivable from the government of Canada. The Company’s maximum exposure to credit risk is the carrying value of its financial assets. Management believes that the credit risk related to its cash and sales taxes receivable is negligible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As of November 30, 2022, the Company had cash of $274,227 and accounts payable and accrued liabilities of $403,407. All accounts payable and accrued liabilities are current.

10. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2022.

Foreign Currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As of November 30, 2022, the Company is not exposed to significant currency risk as the majority of the transactions and balances are denominated in Canadian dollars.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on the results of operations due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.