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**KESSELRUN RESOURCES LTD.
ANNUAL FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE YEARS ENDED
JULY 31, 2023 & 2022**



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Kesselrun Resources Ltd.

Opinion

We have audited the financial statements of Kesselrun Resources Ltd. (the "Company"), which comprise the statements of financial position as at July 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 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.

Emphasis of Matter – Restatement of Comparative Information

We draw attention to Note 14 of the financial statements, which explains that certain comparative information presented for the year ended July 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate 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.

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 of the current period. 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.

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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.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.

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 Matthew Gosden.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 28, 2023

KESSELRUN RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)



	Note	July 31, 2023	July 31, 2022 (Restated, Note 14)
ASSETS			
Current			
Cash		\$ 437,645	\$ 1,634,087
Receivables	12	16,560	250,341
Prepaid expenses	11	18,667	149,197
Marketable securities	7	292,795	459,220
		765,667	2,492,845
Exploration and evaluation assets	6	10,216,361	9,322,784
Total assets		\$ 10,982,028	\$ 11,815,629
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		\$ 2,017	\$ 2,536
Accrued liabilities		42,491	22,531
Due to related parties	10	624,862	797,345
Note payable	10	126,229	116,555
Flow-through share premium liability	9	-	196,884
		795,599	1,135,851
Deferred tax liability	13,14	672,000	598,000
Total liabilities		1,467,599	1,733,851
Shareholders' equity			
Share capital	8	12,014,772	12,014,772
Share-based payment reserve	8	2,851,364	2,851,364
Deficit		(5,351,707)	(4,784,358)
Total shareholders' equity		9,514,429	10,081,778
Total liabilities and shareholders' equity		\$ 10,982,028	\$ 11,815,629

Nature and continuance of operations (Note 1)
Subsequent event (Note 15)

Approved on behalf of the Board of Directors:

Joao (John) da Costa
Director

Michael John Thompson
Director

KESSELRUN RESOURCES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)



	Note	Year ended July 31,	
		2023	2022 (Restated, Note 14)
Expenses			
Accounting and audit	10	\$ 81,105	\$ 74,044
Administration	10	48,000	48,000
Advertising and promotion		40,661	306,249
Consulting	10	121,892	153,798
Filing fees		38,790	33,028
Legal fees		518	17,570
Management fees	10	150,000	150,000
Office expenses		15,102	9,358
Project investigation costs		1,703	5,582
Share-based compensation	8,10	-	50,411
Travel, meals and entertainment		1,491	160
Total expenses		(499,262)	(848,200)
Other items			
Interest on notes payable	10	(9,674)	(8,933)
Part XII.6 tax expense	9	(14,872)	-
Recovery of flow-through share premium liabilities	9	196,884	982,605
Unrealized loss on marketable securities	7	(166,425)	(279,947)
Net loss for the year before income taxes		(493,349)	(154,475)
Income tax expense – deferred	13,14	(74,000)	(598,000)
Loss and comprehensive loss		\$ (567,349)	\$ (752,475)
Loss per share, basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		93,671,837	88,011,857

KESSELRUN RESOURCES LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)



	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total
Balance, July 31, 2021	77,780,356	\$ 10,472,942	\$ 2,322,349	\$ (4,031,883)	\$ 8,763,408
Private placements	15,891,481	2,583,762	416,238	-	3,000,000
Flow-through share premium liability	-	(756,242)	-	-	(756,242)
Share issuance costs - cash	-	(223,324)	-	-	(223,324)
Share issuance costs - warrants	-	(62,366)	62,366	-	-
Share-based compensation	-	-	50,411	-	50,411
Loss and comprehensive loss	-	-	-	(752,475)	(752,475)
Balance, July 31, 2022 – as restated	93,671,837	12,014,772	2,851,364	(4,784,358)	10,081,778
Balance, July 31, 2022 – as previously reported	93,671,837	12,014,772	2,851,364	(4,186,358)	10,679,778
Correction of errors (net of tax)	-	-	-	(598,000)	(598,000)
Balance, July 31, 2022 – as restated	93,671,837	12,014,772	2,851,364	(4,784,358)	10,081,778
Loss and comprehensive loss	-	-	-	(567,349)	(567,349)
Balance, July 31, 2023	93,671,837	\$ 12,014,772	\$ 2,851,364	\$ (5,351,707)	\$ 9,514,429

KESSELRUN RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)



	Year Ended July 31,	
	2023	2022 (Restated, Note 14)
Cash flows used in operating activities		
Loss for the year	\$ (567,349)	\$ (752,475)
Items not affecting cash used in operations		
Accrued interest	9,674	8,933
Foreign exchange gain	-	(277)
Income taxes	74,000	598,000
Share-based compensation	-	50,411
Unrealized loss on marketable securities	166,425	279,947
Recovery of flow-through share premium liabilities	(196,884)	(982,605)
Changes in non-cash working capital items		
Receivables	233,781	(121,934)
Prepaid expenses	(71,548)	(95,594)
Accounts payable	(519)	(211)
Accrued liabilities	19,960	4,505
Due to related parties	105,539	50,939
Net cash used in operating activities	(226,921)	(960,361)
Cash flows used in investing activities		
Exploration and evaluation assets	(969,521)	(3,265,197)
Net cash used in investing activities	(969,521)	(3,265,197)
Cash flows provided by financing activities		
Issuance of common shares for cash	-	3,000,000
Share issuance costs	-	(223,324)
Net cash provided by financing activities	-	2,776,676
Changes in cash	(1,196,442)	(1,448,882)
Cash, beginning	1,634,087	3,082,969
Cash, ending	\$ 437,645	\$ 1,634,087
Non-cash transactions:		
Deferred exploration costs included in amounts due to related parties	\$ (194,452)	\$ (472,474)

1. NATURE AND CONTINUANCE OF OPERATIONS

Kesselrun Resources Ltd. (the “Company”), was incorporated under the *Business Corporations Act* (British Columbia) on May 18, 2011. The Company is engaged in the acquisition, exploration, and development of mineral properties. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and on OTC QB.

These 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. As at July 31, 2023, the Company has not advanced its mineral 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. As at July 31, 2023, the Company had \$437,645 in cash and accumulated a deficit of \$5,351,707, in addition the Company held 1,735,000 common shares of First Mining Finance Corp. (“First Mining”) valued at \$277,600, and 57,886 shares and 28,943 warrants of Treasury Metals Inc. (“Treasury Metals”) valued at \$15,195 (Note 7), which resulted in working capital deficit of \$29,932. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The Company’s head office and principal address is 278 Bay Street, Suite 102, Thunder Bay, ON P7B 1R8.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 28, 2023, by the directors of the Company.

These financial statements have been prepared in accordance with accounting policies consistent 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”).

b) Basis of Measurement and Use of Estimates

These financial statements have been prepared on an accrual basis and are based on historical costs, except certain financial instruments, which are recorded at fair value. All amounts are expressed in Canadian dollars, the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. The areas involving significant assumptions and estimates are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash comprises deposits in banks that are readily convertible into a known amount of cash, or with an initial maturity of less than 90 days.

Financial instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9:

Financial assets

i) 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 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 an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

ii) Measurement

Financial assets 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 cost less any impairment.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit and loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

iii) Impairment of financial assets at amortized cost

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

An ‘expected credit loss’ impairment model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets comprise of the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying options. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Costs incurred once the Company has obtained the legal rights to explore an area are capitalized.

Government tax credits received are recorded as a reduction to the exploration and evaluation expenditures of the related property.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as exploration expenditure or recoveries when the payments are made or received.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditures on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest in, these procedures do not guarantee the Company's title.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of the assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

As at July 31, 2023 and 2022, the Company had not recognized any provisions for restoration and environmental obligations.

Income taxes

Income tax is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share purchase warrants issued on a standalone basis are recognized at the fair value using the Black-Scholes option pricing model at the date of issue. The value is initially recorded as a part of reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

Flow-through shares

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company

must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The flow-through share premium liability is reduced on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair values of the instruments are determined using the Black-Scholes Option pricing model. The number of the instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the instruments granted shall be based on the number of the instruments that eventually vest.

Income/(loss) per share

Basic income/(loss) per share is calculated by dividing the income/(loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income/(loss) attributable to common shareholders equals the reported income/(loss) attributable to owners of the Company. Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The Company's diluted loss per share does not include the effect of stock options or warrants as they are anti-dilutive.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These financial statements include estimates which, by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. The current market conditions introduce additional uncertainties, risks and complexities in management's determination of the estimates and assumptions used to prepare the Company's financial results. As the volatility in financial markets is an evolving situation, management cannot reasonably estimate the length or severity of the impact on the Company. As such, actual results may differ from estimates and the effect of such differences may be material. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

- classification/allocation of expenses as exploration and evaluation expenditures or operating expenses;
- classification and measurement of the Company's financial assets and liabilities;
- determination that the Company is able to continue as a going concern; and
- determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluations assets.

Key sources of estimation uncertainty include the following:

- the carrying value and recoverability of exploration and evaluation assets;
- recoverability and measurement of deferred tax assets;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based transactions.

5. FINANCIAL INSTRUMENTS AND RISKS

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 at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash and marketable securities as measured at fair value in the statement of financial position, using level 1 inputs.

Categories of financial instruments

As at	July 31, 2023	July 31, 2022
Financial assets:		
FVTPL		
Cash	\$ 437,645	\$ 1,634,087
Marketable securities	\$ 292,795	\$ 459,220
Financial liabilities:		
Amortized cost		
Accounts payable	\$ 2,017	\$ 2,536
Accrued liabilities	\$ 42,491	\$ 22,531
Due to related parties	\$ 624,862	\$ 797,345
Note payable	\$ 126,229	\$ 116,555

Assets and liabilities measured at fair value on a recurring basis:

As at July 31, 2023	Level 1	Level 2	Level 3	Total
Cash	\$ 437,645	\$ -	\$ -	\$ 437,645
Marketable securities	292,795	-	-	292,795
	\$ 730,440	\$ -	\$ -	\$ 730,440

Accounts payable, accrued liabilities, due to related parties, and note payable approximate their fair value due to the short-term nature of these instruments.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution. As such, the Company's credit risk exposure is minimal.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. 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 has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. Currency 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 has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets, and its foreign currency liabilities at July 31, 2023, comprised 1.91% of the total current liabilities.

iii. Equity price risk:

Equity price risk is the risk that the fair value of equity/securities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investments in marketable securities.

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 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.

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.

As of July 31, 2023, the Company had current assets of \$765,667 to settle current liabilities of \$795,599, which had contractual maturities of less than 30 days and were subject to normal trade terms.

6. EXPLORATION AND EVALUATION ASSETS

As of July 31, 2023 and 2022, the Company's interest in exploration and evaluation assets consisted of the Bluffpoint Property and the Huronian Property. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

Exploration and Evaluation Assets as at July 31, 2023	Bluffpoint	Huronian	Total
Acquisition costs, July 31, 2023 and 2022	\$ 249,820	\$ 1,084,966	\$ 1,334,786
Deferred exploration costs, July 31, 2022	409,733	7,578,265	7,987,998
Additions:			
Assaying	9,298	153,436	162,734
Camp and travel	50,271	73,419	123,690
Drilling	-	57,122	57,122
Equipment use/rental	272,630	21,006	293,636
Geology	186,225	270,170	456,395
Government grants received	(200,000)	-	(200,000)
Deferred exploration costs, July 31, 2023	728,157	8,153,418	8,881,575
Total exploration and evaluation assets, July 31, 2023	\$ 977,977	\$ 9,238,384	\$ 10,216,361

Exploration and Evaluation Assets as at July 31, 2022	Bluffpoint	Huronian	Total
Acquisition costs, July 31, 2022 and 2021	\$ 249,820	\$ 1,084,966	\$ 1,334,786
Deferred exploration costs, July 31, 2021	409,733	3,840,594	4,250,327
Additions:			
Assaying	-	1,500,166	1,500,166
Camp and travel	-	376,367	376,367
Drilling	-	931,686	931,686
Equipment use/rental	-	157,267	157,267
Geology	-	772,185	772,185
Deferred exploration costs, July 31, 2022	409,733	7,578,265	7,987,998
Total exploration and evaluation assets, July 31, 2022	\$ 659,553	\$ 8,663,231	\$ 9,322,784

Bluffpoint Project

The Company holds a 100% interest in mining claims located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the “Bluffpoint Project”).

The Bluffpoint Project is subject to a 2% Net Smelter Royalty (“NSR”), of which 1% may be purchased by the Company at any time for \$1,000,000. If the optionors decide to dispose of their remaining 1% NSR, the Company has the first right of refusal to acquire the remaining 1% NSR on the same terms and conditions that the optionors propose to dispose of their NSR.

During the year ended July 31, 2023, the Company received \$200,000 grant from Ontario Junior Exploration Program (“OJEP”), which was offset against the costs the Company spent on its exploration activities on Bluffpoint Project.

Huronian Gold Project

The Company holds a 100% interest in the Huronian Gold Project (“Huronian Project”) located in Moss Township, Thunder Bay Mining Division, Ontario.

The Huronian Project is subject to NSR ranging from 2% to 2.5% of which the Company retains a right to purchase up to 50% by paying up to \$2,000,000. In addition, the Company retains a right of first refusal to acquire the NSR at the same terms and prices that would be set out in any arm’s length third party offer.

The Company holds a mining claim adjacent to the Huronian Project. The claim is subject to a 2% NSR, of which 1% may be purchased by the Company at any time for the payment of \$1,000,000.

7. MARKETABLE SECURITIES

The Company’s marketable securities consist of 1,735,000 shares of First Mining Gold Corp. listed on Toronto Stock Exchange under the symbol “FF” (the “FF Shares”), 57,886 shares of Treasury Metals Inc. listed on Toronto Stock Exchange under the symbol “TML.TO” (the “Treasury Metals Shares”), and 28,943 warrants to acquire shares of Treasury Metals Inc. listed on Toronto Stock Exchange under the symbol “TML.WT” (the “Treasury Metals Warrants”). Subsequent to July 31, 2023, the Treasury Metals Warrants expired unexercised.

During the years ended July 31, 2023 and 2022, the Company did not sell any of its marketable securities.

At July 31, 2023, the investment in FF Shares was valued at \$277,600 (July 31, 2022 - \$433,750), and investment in Treasury Metals Shares and Treasury Metals Warrants was valued at \$15,195 (July 31, 2022 - \$25,470). The Company records its marketable securities as FVTPL. During the year ended July 31, 2023, the Company recorded a loss of \$166,425 on revaluation of its marketable securities to their fair market value (July 31, 2022 - \$279,947).

8. SHARE CAPITAL

Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Share issuances

During the year ended July 31, 2023, the Company did not issue any shares of its common stock.

Shares issued during the year ended July 31, 2022

On December 8, 2021, the Company closed a non-brokered private placement (the “December 2021 Financing”) for gross proceeds of \$3,000,000 from the sale of 9,634,597 flow-through units of the Company (the “FT Units”) at a price of \$0.175 per FT Unit and 6,256,884 FT Units sold to charitable purchasers (the “Charity FT Units”) at a price of \$0.21 per Charity FT Unit.

Each FT Unit and Charity FT Unit was comprised of one common share of the Company issued as a “flow-through share” (as defined in subsection 66(15) of the Income Tax Act (Canada)) (each, an “FT Share”) and one half of one common share purchase warrant (each full warrant, a “Warrant”). Each Warrant is exercisable into one non-flow-through common share of the Company (each, a “Warrant Share”) at a price of \$0.23 at any time on or before December 8, 2023. The FT Shares and Warrant Shares were subject to a hold period that ended on April 9, 2022, in accordance with applicable securities laws. The Warrants issued as part of the FT Units and Charity FT Units were valued at \$416,238.

The premium received on FT Units and Charity FT Units issued was determined to be \$756,242 and was recorded as share capital reduction. An equivalent premium liability was recorded and was being reduced as and when the qualified exploration expenditures occurred (Note 10).

In connection with the December 2021 Financing, the Company paid cash finders’ fees totaling \$198,240 and recorded \$25,084 as cash share issuance costs associated with legal and regulatory fees. In addition, the Company issued 1,056,404 warrants (each, a “Finder’s Warrant”) exercisable into one common share of the Company at a price of \$0.175 per share at any time on or before December 8, 2023. The Finder’s Warrants were valued at \$62,366.

The fair value of the Warrants issued as part of the FT Units and Charity FT Units, as well as Finder’s Warrants was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	December 8, 2021
Expected life	2 years
Annualized volatility	118%
Risk-free interest rate	1.07%
Dividend yield	Nil

Stock options

The Company has adopted an incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may, from time to time, at their discretion and in accordance with TSX-V requirements, grant stock options to directors, officers and technical consultants for up to 10% of the issued and outstanding common shares of the Company. Such options are exercisable for a period of up to five years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

Stock options granted during the year ended July 31, 2023

The Company did not grant any stock options during the year ended July 31, 2023.

Stock options granted during the year ended July 31, 2022

On December 21, 2021, the Company granted 600,000 incentive stock options to its directors, officers, and consultants. The stock options vested immediately and are exercisable at a price of \$0.25 per share for a period of five years expiring on December 21, 2026. The Company recognized \$50,411 as share-based compensation associated with these options. As at July 31, 2022, options to acquire up to 50,000 shares were cancelled in accordance with the Option Plan on termination of the consultants.

The fair value of the stock options granted was estimated using the Black-Scholes Option pricing model using the following assumptions:

	December 21, 2021
Expected life	5 years
Annualized volatility	124%
Risk-free interest rate	1.29%
Dividend yield	Nil

A summary of the changes in stock options outstanding is as follows:

	Year ended July 31, 2023		Year ended July 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning	4,550,000	\$ 0.25	4,000,000	\$ 0.25
Granted	-	n/a	600,000	\$ 0.25
Cancelled or expired	(1,375,000)	\$ 0.10	(50,000)	\$ 0.25
Outstanding and exercisable, ending	3,175,000	\$ 0.32	4,550,000	\$ 0.25

Stock options at July 31, 2023, are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of options outstanding and exercisable
\$0.05	January 16, 2025	1.47	400,000
\$0.30	August 10, 2025	2.03	425,000
\$0.40	January 6, 2026	2.44	1,000,000
\$0.40	July 14, 2026	3.96	800,000
\$0.25	December 21, 2026	3.39	550,000
\$0.32		2.56	3,175,000

Share-purchase warrants

A summary of the changes in share-purchase warrants outstanding is as follows:

	Year ended July 31, 2023		Year ended July 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning	20,014,847	\$0.27	11,012,701	\$0.31
Issued	-	n/a	9,002,146	\$0.22
Expired	(11,012,701)	\$0.31	-	n/a
Outstanding, ending	9,002,146	\$0.22	20,014,847	\$0.27

Share-purchase warrants at July 31, 2023, are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of warrants outstanding
\$0.175	December 8, 2023	0.36	1,056,404
\$0.23	December 8, 2023	0.36	7,945,742
\$0.22		0.36	9,002,146

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, July 31, 2021	\$ 423,247
December 2021 Financing, share premium liability on flow-through units	325,721
December 2021 Financing, share premium liability on flow-through units sold to charitable purchasers	430,521
Reversal recognized upon expenditures being incurred	(982,605)
Balance, July 31, 2022	196,884
Reversal recognized upon expenditures being incurred	(196,884)
Balance, July 31, 2023	\$ -

During the year ended July 31, 2023, the Company recorded \$196,884 (July 31, 2022 – \$982,605) in income from the flow-through share premium as a result of qualified exploration expenditures being met, and recorded \$14,872 (July 31, 2022 - \$Nil) in Part XII.6 tax payable associated with the renunciation of the exploration expenditures under the look-back rule.

10. RELATED PARTY TRANSACTIONS

Related parties include the directors, officers, key management personnel, close family members and entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

The remuneration of related parties including directors and key management was as follows:

	Year ended July 31,	
	2023	2022
Exploration and evaluation expenditures incurred to a private company controlled by certain directors and officers of the Company (Note 6)	\$ 909,642	\$ 3,737,671
Accounting, consulting, and administrative fees incurred to a private company controlled by an officer of the Company	\$ 150,000	\$ 150,000
Management fees incurred to a private company controlled by an officer of the Company	\$ 150,000	\$ 150,000
Share-based compensation on options granted to certain directors and officers of the Company	\$ -	\$ 37,809

The balances due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At July 31, 2023, the balance payable to related parties was \$624,862 (July 31, 2022 - \$797,345).

In addition, at July 31, 2023, the Company was indebted to a private company controlled by certain directors and officers in the amount of \$126,229 (July 31, 2022 - \$116,555) under the loan payable. The loan bears interest at 8% per annum compounded monthly, is unsecured and due on demand. During the year ended July 31, 2023, the Company recorded interest expense of \$9,674 (July 31, 2022 - \$8,933).

11. PREPAID EXPENSES

Prepaid expenses consisted of the following:

	July 31, 2023	July 31, 2022
Prepaid exploration costs	\$ -	\$ 101,039
Prepaid operating expenses	18,667	48,158
Total prepaid expenses	\$ 18,667	\$ 149,197

12. RECEIVABLES

Receivables consisted of the following:

	July 31, 2023	July 31, 2022
GST receivable	\$ 16,560	\$ 232,105
Refund receivable	-	18,236
Total receivables	\$ 16,560	\$ 250,341

13. INCOME TAXES

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

	Year ended July 31, 2023	Year ended July 31, 2022 (Restated, Note 14)
Net income (loss) before tax	\$ (493,349)	\$ (154,475)
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(133,000)	(42,000)
Effect of non-deductible (non-taxable) items	(27,000)	(214,000)
Impact of flow through shares	211,000	1,009,000
Share issue cost	(145,000)	(145,000)
Change in unrecognized deductible temporary differences	168,000	(10,000)
Deferred income tax expense	\$ 74,000	\$ 598,000

The Company's deferred tax assets and liabilities are comprised of the following:

	Year ended July 31, 2023	Year ended July 31, 2022 (Restated, Note 14)
Deferred tax assets:		
Exploration and evaluation assets	\$ (1,793,000)	\$ (1,582,000)
Non-capital losses	1,027,000	847,000
Marketable securities	122,000	93,000
Share issuance costs	94,000	137,000
Allowable capital losses	(122,000)	(93,000)
Net deferred tax liabilities	\$ (672,000)	\$ (598,000)

The Company has non-capital losses of approximately \$3,808,000 which may be used to reduce future taxable income and expire in the years 2035 – 2040.

14. RETROSPECTIVE RESTATEMENT

The 2022 comparative figures have been restated for adjustments for the correction of errors associated with calculation of deferred income tax expenses, and net deferred tax liabilities.

The Company determined that a computational error had been made in calculating the deferred tax liabilities associated with the difference between book value of its exploration and evaluation assets and its tax base. The Company corrected for this error by recognizing an additional \$598,000 in deferred income tax expenses for the year ended July 31, 2022. The net deferred tax liability component was also increased by \$598,000.

The impact of the above corrections on the figures for the year ended July 31, 2022, are reflected as follows:

	July 31, 2022 (As previously reported)	Restatement	July 31, 2022 (Restated)
Deferred tax liability	\$ -	\$ 598,000	\$ 598,000
Total liabilities	\$ 1,135,851	\$ 598,000	\$ 1,733,851
Deficit	\$ (4,186,358)	\$ (598,000)	\$ (4,784,358)
Total shareholders' equity	\$ 10,679,778	\$ (598,000)	\$ 10,081,778
Deferred income tax expense	\$ -	\$ 598,000	\$ 598,000
Loss and comprehensive loss	\$ (154,475)	\$ (598,000)	\$ (752,475)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)

This retrospective restatement has no impact on the statement of financial position as at August 1, 2021.

15. SUBSEQUENT EVENT

Subsequent to July 31, 2023, the Company entered into definitive agreements of purchase and sale (the "Agreements") to acquire a 100% interest in 7 contiguous mineral claims covering 190 hectares and fully surrounded by the Company's Bluffpoint Project. As consideration, the Company paid to the vendors a total of \$6,000 in cash and issued 400,000 common shares at closing. In addition, the vendors were given a 1% royalty with a \$500,000 buy-down option to eliminate the 0.5% royalty. The common shares issued are subject to a statutory hold period expiring four months and a day from the date of issue.