Azincourt Energy Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

For the Years Ended September 30, 2022 and 2021

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Azincourt Energy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Azincourt Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Consolidated 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 consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

January 30, 2023

Azincourt Energy Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
In Canadian Dollars

ASSETS		September 30, 2022		September 30, 2021
Current				
Cash and cash equivalents	$	6,972,821	$	10,477,865
Short-term investments (Note 4 and 13)		3,000,000		-
Amounts receivable (Note 5)		939,388		68,517
Prepaid expenses		202,931		395,502
		11,115,140		10,941,884
Mineral Properties (Note 6)		3,381,558		3,914,815
	$	14,496,698	$	14,856,699

LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	159,073	$	831,533
Flow-through share liability (Note 7)		22,271		448,338
		181,344		1,279,871

SHAREHOLDERS' EQUITY				
Share Capital (Note 7)		26,635,569		20,876,826
Reserves (Note 7)		14,767,665		10,138,388
Deficit		(27,087,880)		(17,438,386)
		14,315,354		13,576,828
	$	14,496,698	$	14,856,699

Nature of Operations and Going Concern *(Note 1)*
Subsequent Event *(Note 13)*

Approved by the Board of Directors:

"Paul Reynolds"
Paul Reynolds, Director

"Terrence O'Connor"
Terrence O'Connor, Director

- See Accompanying Notes -

Azincourt Energy Corp.
(An Exploration Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended September 30
In Canadian Dollars

		2022		2021
Operating expenses				
Advertising	$	459,551	$	61,900
Audit and accounting		96,390		82,593
Communication and media		386,405		119,868
Consulting and directors' fees (Note 9)		777,449		893,971
Exploration and evaluation costs, net of recoveries (Note 6, 9)		3,470,438		1,184,417
Filing and transfer agent fees		78,440		52,250
Foreign exchange (gain)/loss		1,357		-
Insurance		8,232		6,313
Investor relations		492,228		59,089
Legal costs		33,577		7,930
Marketing		992,571		361,986
Office and administration		146,406		151,844
Property investigation costs		427,900		-
Rent		12,000		7,000
Share-based compensation (Note 7,9)		1,158,000		491,836
		(8,540,944)		(3,480,997)
Interest income		85,212		4,422
Other income (Note 7)		531,067		113,310
Administration income (Note 6)		69,088		-
Loss on settlement of debt (Note 7)		(104,167)		-
Write-off of mineral property interests (Note 6)		(1,689,750)		-
Loss and comprehensive loss for the year	$	(9,649,494)	$	(3,363,265)
Loss per share – basic and diluted	$	(0.05)	$	(0.03)
Weighted average number of common shares outstanding		210,326,996		115,958,958

– See Accompanying Notes –

Azincourt Energy Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the Years Ended September 30
In Canadian Dollars

Cash Provided By (Used In):		**2022**		**2021**
Operations:				
Loss for the year	$	(9,649,494)	$	(3,363,265)
Items not affecting cash:				
Dilution of joint venture interest		(752,855)		-
Other income		(531,067)		(113,310)
Loss on settlement of debt		104,167		-
Share-based compensation		1,158,000		491,836
Write-off of mineral property interests		1,689,750		-
Change in non-cash working capital:				
Amounts receivable		(870,871)		(61,202)
Prepaid expenses		192,571		(297,750)
Accounts payable and accrued liabilities		114,180		252,709
		(8,545,619)		(3,090,982)
Investing:				
Purchase of short-term investments		(3,000,000)		-
Mineral property acquisition costs		(205,000)		(291,170)
		(3,205,000)		-
Financing:				
Proceeds from issuance of shares and units		8,753,670		12,146,500
Share issuance costs		(1,246,295)		(205,914)
Exercise of options		125,000		317,500
Exercise of warrants		613,200		879,806
		8,245,575		13,137,892
Change in cash and cash equivalents		(3,505,044)		9,755,740
Cash and cash equivalents - beginning of year		10,477,865		722,125
Cash and cash equivalents - end of year	$	6,972,821	$	10,477,865

Cash and cash equivalents consist of:				
Cash	$	972,821	$	10,477,865
Demand deposit – guaranteed investment certificates		6,000,000		-
	$	6,972,821	$	10,477,865
Non-cash transactions summary:				
Interest and income taxes	$	-	$	-
Common shares issued for properties	$	198,638	$	950,000
Common shares issued to extinguish debt	$	354,167	$	-
Fair value of options exercised	$	104,318	$	207,120
Fair value of warrants exercised	$	187,075	$	275,832
Fair value of warrants as finders' fees	$	422,000	$	948,000
Fair value of common shares issued as finders' fees	$	82,000	$	466,540
Share issuance costs included in accounts payable	$	-	$	536,640
Flow-through share liability	$	105,000	$	533,238
Joint venture receivable applied to mineral properties	$	752,855	$	-

– See Accompanying Notes –

Azincourt Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

In Canadian Dollars

	Share Capital		Reserves			
	Shares*	Amount $	Warrants $	Options $	Deficit $	Total $
Balance, September 30, 2020	79,813,100	13,276,471	3,194,289	1,033,954	(14,075,121)	3,429,593
Loss for the year	-	-	-	-	(3,363,265)	(3,363,265)
Private placements – flow-through	22,887,668	3,748,581	-	-	-	3,748,581
Flow-through liability	-	(533,238)	-	-	-	(533,238)
Relative fair value of warrants	-	(1,342,342)	1,342,342	-	-	-
Private placements – non flow-through	57,454,395	8,397,919	-	-	-	8,397,919
Relative fair value of warrants	-	(3,610,919)	3,610,919	-	-	-
Fair value of finders' fee warrants	-	(948,000)	948,000	-	-	-
Shares issued as finders' fees	2,168,357	-	-	-	-	-
Shares issued to acquire mineral properties	4,000,000	950,000	-	-	-	950,000
Share issue costs	-	(741,904)	-	-	-	(741,904)
Exercise of options	2,540,000	317,500	-	-	-	317,500
Fair value of options	-	207,120	-	(207,120)	-	-
Exercise of warrants	5,027,462	879,806	-	-	-	879,806
Fair value of warrants	-	275,832	(275,832)	-	-	-
Share-based compensation	-	-	-	491,836	-	491,836
Balance, September 30, 2021	173,890,982	20,876,826	8,819,718	1,318,670	(17,438,386)	13,576,828
Loss for the year	-	-	-	-	(9,649,494)	(9,649,494)
Private placements – flow-through	33,904,999	6,676,000	-	-	-	6,676,000
Flow-through liability	-	(105,000)	-	-	-	(105,000)
Relative fair value of warrants	-	(2,496,000)	2,496,000	-	-	-
Private placements – non flow-through	11,872,399	2,077,670	-	-	-	2,077,670
Relative fair value of warrants	-	(844,670)	844,670	-	-	-
Fair value of finders' fee warrants	-	(422,000)	422,000	-	-	-
Shares issued as finders' fees	410,000	-	-	-	-	-
Shares issued to settle debt	1,666,666	354,167	-	-	-	354,167
Shares issued to acquire mineral properties	1,135,073	198,638	-	-	-	198,638
Share issue costs	-	(709,655)	-	-	-	(709,655)
Exercise of options	1,000,000	125,000	-	-	-	125,000
Fair value of options	-	104,318	-	(104,318)	-	-
Exercise of warrants	3,504,000	613,200	-	-	-	613,200
Fair value of warrants	-	187,075	(187,075)	-	-	-
Share-based compensation	-	-	-	1,158,000	-	1,158,000
Balance, September 30, 2022	227,384,119	26,635,569	12,395,313	2,372,352	(27,087,880)	14,315,354

*The number of common shares outstanding have been restated to reflect the effect of share consolidation on a two and one half (2.5) to one (1) basis.

– See Accompanying Notes –

1. Nature of Operations and Going Concern

Azincourt Energy Corp. (the "Company") was incorporated on April 7, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and Peru. The head office, principal address, and records office of the Company are located at 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada.

On April 21, 2022, the Company effected a consolidation of its common shares on a two and one half (2.5) for one (1) basis (the "Share Consolidation"). All shares and per share amounts have been retroactively restated to account for the Share Consolidation.

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2022, the Company had not achieved profitable operations and had an accumulated deficit of $27,087,880. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company estimates it has available financial resources to continue operations for the upcoming 12 months.

2. Basis of Presentation

a) Statement of compliance

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

The accounting policies set out in Note 3 have been applied consistently by the Company during the years presented.

b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

2. Basis of Presentation - *Continued*

c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Minera Azincourt Energy S.A.C., incorporated on November 15, 2021, in Peru.

d) Approval of the Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on January 30, 2023.

e) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiary does not differ from that of the parent company.

3. Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and cashable guaranteed investment certificates with original maturities of three months or less.

b) Mineral Property

i) Exploration and Evaluation

Staking costs, property option payments, finders' fees and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible exploration and evaluation assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred. Exploration and evaluation expenditures include costs of equipment rental, geochemical analysis, and geological consulting services.

Subsequent recovery of the resulting carrying value of capitalized costs depends on successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

3. Significant Accounting Policies – *Continued*

b) Mineral Property – *Continued*

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property development costs and are subject to an impairment test. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development costs are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Mineral property interests are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

iii) Impairment

Exploration and evaluation assets are assessed for impairment at least annually by management for facts and circumstances suggesting that the carrying amount of the asset may exceed its recoverable amount. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

3. Significant Accounting Policies – *Continued*

b) Mineral Property – *Continued*

iii) Impairment – *Continued*

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis and are recorded through profit or loss. Assumptions, such as future commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

d) Site Closure and Reclamation Provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. For the years presented, the Company has not recognized any site closure and reclamation provision.

3. Significant Accounting Policies – *Continued*

d) Site Closure and Reclamation Provision – *Continued*

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

e) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

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 recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Share Capital

i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares.

3. Significant Accounting Policies – *Continued*

f) Share Capital – *Continued*

ii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and common share purchase warrants. The fair value of the common share purchase warrants are determined using the Black-Scholes Option Pricing Model ("Black-Scholes").

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

g) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. For the years presented, diluted and basic loss per share are the same because the effects of potential issuances of common shares under stock options and warrants would be anti-dilutive.

h) Comprehensive Income

Comprehensive income or loss includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on fair value through other comprehensive income ("FVOCI") securities and foreign exchange gains and losses from self-sustaining foreign operations.

i) Share-based Payments

From time to time, the Company grants stock options to directors, officers, employees and non-employees to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees and non-employees become entitled to the award. The fair value of the stock options on the grant date is determined using the Black-Scholes option pricing model. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

3. Significant Accounting Policies – *Continued*

j) Financial Instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; FVOCI; or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company's financial assets which consist of cash and cash equivalents, short-term investments, and amounts receivable are classified as amortized cost.

Financial liabilities

Financial liabilities are designated as either: FVTPL or amortized cost. 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 statement of financial position subsequent to inception and how changes in value are recorded.

The Company's financial liabilities which consist of accounts payables and accrued liabilities are classified as amortized cost.

3. Significant Accounting Policies – *Continued*

j) Financial Instruments – *Continued*

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL 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. The Company's financial assets measured at amortized cost are subject to the ECL model.

k) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program on Canadian properties. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a flow-through share liability and; ii) share capital. When the resource property expenditures are incurred, the Company proportionately derecognizes the liability and records the amount of tax reduction renounced to the shareholders as other income.

l) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

3. Significant Accounting Policies – *Continued*

l) Critical Accounting Judgments and Estimates – *Continued*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral property and the valuation of share-based payments.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company capitalizes mineral property acquisition costs that are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's capitalized mineral property costs is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the greater of: fair value less costs to sell and value in use.

Share-based payments

The Company uses Black-Scholes to calculate the fair value stock options and of common share purchase warrants issued. Black Scholes requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 5.

Critical judgments in applying the Company's accounting policies include the determination of the Company's ability to continue as a going concern (Note 1).

m) Recent Accounting Pronouncements

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

In Canadian Dollars

3. Significant Accounting Policies – *Continued*

n) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at fair value.

4. Short-term Investments

Short-term investments consist of non-cashable guaranteed investments certificates ("GICs") with terms greater than 90 days and less than 1 year. The interest rate on the non-cashable GICs range between 3.3% - 3.9%. Subsequent to September 30, 2022, $2,000,000 of these GICs had reached maturity and transferred to cash and cash equivalents (Note 13).

5. Amounts receivable

September 30	2022	2021
GST receivable	$ 393,142	$ 57,555
Recoveries from joint venture partner (Note 6)	505,844	-
Interest receivable	40,402	-
Other	-	10,962
Total	$ 939,388	$ 68,517

6. Mineral Properties

East Preston Property, Saskatchewan, Canada

The Company has earned an undivided 70% interest in the East Preston Property, located in Saskatchewan pursuant to an Option Agreement with Skyharbour Resources Ltd. ("Skyharbour") and Dixie Gold Inc. ("Dixie Gold") (formerly Clean Commodities Corp.) dated March 27, 2017. The following consideration and work obligations were performed:

Date	Consideration	Work Obligation
On execution of Option Agreement (paid)	$ 150,000	$ Nil
On or before March 27, 2018 (paid and completed)	150,000	250,000
On or before March 27, 2019 (paid and completed)	300,000(1)	750,000(2)
On or before March 27, 2021(completed)	-	1,500,000(4)
On or before March 31, 2021(paid)	400,000(3)	-
TOTAL	$ 1,000,000	$ 2,500,000

(1)$150,000 was paid to Dixie Gold. In lieu of paying $150,000 to Skyharbour, the Company paid $50,000 and issued 800,000 common shares with a fair value of $100,000.

6. Mineral Properties

East Preston Property, Saskatchewan, Canada

(2)1,600,000 common shares with a value of $200,000 were issued to a third party for repayment of exploration expenditures paid on behalf of the Company.

(3) On April 7, 2020, the agreement was amended to extend the due date of the $400,000 payment to March 31, 2021. In consideration for the extension, the Company issued 1,000,000 common shares each to Skyharbour and Dixie Gold at $0.125 per share valued at $250,000. $200,000 cash option payment was paid to Dixie Gold as at September 30, 2021. On February 12, 2021, the Company amended its agreement with Skyharbour whereby in lieu of paying $200,000 of cash, the Company would pay exploration expenditures on the property of up to $200,000 and any deficiency by March 31, 2021 would be paid in cash. Total work expenditures paid by the Company as at March 31, 2021 were $108,830 which was recorded as exploration and evaluation costs and the remaining $91,170 was paid in cash as option payment during the year ended September 30, 2021.

(4) On April 15, 2020, the agreement was amended to extend the due date of the $1,500,000 work obligation to March 27, 2021.

The project is subject to a 2% NSR royalty on commercial production and a Right of First Refusal of any future proposed sale of the project.

Following the acquisition of the interest, the Company entered into a joint venture agreement with Skyharbour and Dixie Gold with the remaining 30% interest split evenly between Skyharbour and Dixie Gold. Azincourt has been appointed the manager and operator of the joint venture and is entitled to earn a quarterly administration fee equal to 7.5% on the first $100,000 plus 5% on any additional exploration costs greater than $100,000.

During the year ended September 30, 2022, the project incurred total exploration expenditures of $4,862,146, of which $719,880 is recoverable from Skyharbour for its 15% interest in the joint venture. As at September 30, 2022, $505,844 is owed by Skyharbour and has been included in amounts receivable (Note 4).

Dixie Gold has elected to not participate in any exploration programs, therefore its interest of 15% has been diluted to 6.9% and Azincourt's interest has increased to 78.1% as at September 30, 2022. The value of the diluted interest was $752,855 which the Company has accounted for as acquisition costs and included in mineral properties.

Total administration fee was $69,088 for the year ended September 30, 2022.

In Canadian Dollars

6. Mineral Properties – *Continued*

Hatchet Lake Property, Saskatchewan, Canada

On November 9, 2021, the Company entered into an option agreement with ValOre Metals Corp. ("ValOre") to earn up to 75% interest in the Hatchet Lake Uranium Property ("Hatchet Lake") which consists of certain mineral claims located in Saskatchewan, Canada. Pursuant to the agreement, the Company will make staged cash payments, issue common shares and incur certain exploration expenditures as follows:

Date	Cash Payments	Common Shares*	Work Obligation
Upon grant of the Option (paid and issued)	$ 100,000	$ 250,000(1)	$ Nil
On or before November 9, 2022**	250,000	500,000	1,000,000
On or before November 9, 2023**	250,000	500,000	1,000,000
On or before November 9, 2024**	250,000	500,000	2,000,000
TOTAL	$ 850,000	$ 1,750,000	$ 4,000,000

*The Company may elect to extend the deadline of work obligations by 6 months by issuing common shares with a value of $100,000 based on a deemed price.
**The Company is in negotiations with ValOre to extend the terms of the payout due dates.

(1) 1,135,074 common shares were issued with a fair value of $198,638

In the event the Company does not complete the final cash payment of $250,000 and share issuance valued at $500,000, and incur the final expenditures of $2,000,000, the Company will hold a 50% interest in the Property.

In connection with the grant of the Option, the Company paid a finders' fee of $105,000.

ELC Project, Peru

The Company owns a 100% interest in the ELC Project, located in Peru. As at September 30, 2022, the Company decided not to continue with the ELC Project, therefore total acquisitions costs of $1,689,750 were written off.

In Canadian Dollars

6. Mineral Properties – *Continued*

Acquisition Costs Summary

	East Preston Property	ELC Property	Hatchet Lake Property	Total
Balance, as at September 30, 2020	$ 1,933,895	$ 739,750	$ -	$ 2,673,645
Option payment – cash	291,170	-	-	291,170
Option payment – shares	-	950,000	-	950,000
Balance, as at September 30, 2021	$ 2,225,065	$ 1,689,750	$ -	$ 3,914,815
Option payment – cash	-	-	100,000	100,000
Option payment – shares	-	-	198,638	198,638
Finders' Fee	-	-	105,000	105,000
Joint venture partner dilution	752,855	-	-	752,855
Write-off	-	(1,689,750)	-	(1,689,750)
Balance, as at September 30, 2022	$ 2,977,920	$ -	$ 403,638	$ 3,381,558

Exploration and Evaluation Expenditures Summary

Details of exploration and evaluation costs incurred for the years ended September 30, 2022 and 2021 are as follows:

2022	East Preston Property	ELC Property	Hatchet Lake Property	Total
Camp and general	$ 1,456,745	$ 13,063	$ 43	$ 1,469,851
Drilling	2,518,797	-	-	2,518,797
Freight	56,615	-	-	56,615
Geological and geophysical	823,962	188	36,459	860,609
Helicopter charter	6,027	-	-	6,027
Total exploration and evaluation costs	4,862,146	13,251	36,502	4,911,899
Recoveries pursuant joint venture agreement	(1,441,461)	-	-	(1,441,461)
Net exploration and evaluation costs	$ 3,420,685	$ 13,251	$ 36,502	$ 3,470,438

In Canadian Dollars

6. Mineral Properties – *Continued*

Exploration and Evaluation Expenditures Summary – *Continued*

2021		East Preston Project		ELC Project		Total
Camp and general	$	316,437	$	22,712	$	339,149
Drilling		340,305		-		340,305
Freight		3,630		-		3,630
Geological and geophysical		388,599		375		388,974
Helicopter charter		105,559		-		105,559
Mapping and interpretation		6,800		-		6,800
Total exploration and evaluation costs	$	1,161,330	$	23,087	$	1,184,417

7. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value.

b) Issued Share Capital

<u>Share transactions for the year ended September 30, 2022;</u>

(i) On October 12, 2021, the Company completed a non-brokered private placement of 6,828,571 non flow-through units at $0.175 per unit and 2,666,666 flow-through units at $0.188 per unit for gross proceeds of $1,695,000. Each non flow-through unit was comprised of one common share and one warrant. Each flow-through unit was comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 3 years. In relation to the private placement, the Company paid finders' fees of $135,600, paid share issue costs of $34,145 and issued 759,618 finders' fee warrants valued at $119,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 3 years.

Of the proceeds from non flow-through units, $709,000 was allocated to share capital and $486,000 was allocated to warrants based on their relative fair value. The amount of the flow-through share liability associated with the flow-through shares was determined to be $33,333 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $466,667, of which $277,000 was allocated to share capital and $189,667 was allocated to warrants based on their relative fair value.

7. Shareholders' Equity - *Continued*

b) Issued Share Capital - *Continued*

<u>Share transactions for the year ended September 30, 2022 (*continued*);</u>

(ii) On November 10, 2021, the Company completed a non-brokered private placement of 2,813,828 non flow-through units at $0.175 per unit and 5,733,333 flow-through units at $0.188 per unit for gross proceeds of $1,567,420. Each non flow-through unit was comprised of one common share and one warrant. Each flow-through unit was comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 3 years. In relation to the private placement, the Company paid finders' fees of $70,000, paid share issue costs of $16,782 and issued 373,333 finders' fee warrants valued at $66,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.188 per share for a period of 3 years.

Of the proceeds from non flow-through units, $289,000 was allocated to share capital and $203,420 was allocated to warrants based on their relative fair value. The amount of the flow-through share liability associated with the flow-through shares was determined to be $71,667 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $1,003,333, of which $589,000 was allocated to share capital and $414,333 was allocated to warrants based on their relative fair value.

(iii) On December 1, 2021 the Company issued 1,135,074 common shares to ValOre as part of an option agreement (Note 4), valued at $198,638. The Company incurred $9,450 of share issue costs relating to the share issuances.

(iv) On February 9, 2022, the Company completed a non-brokered private placement of 2,230,000 non flow-through units at $0.175 per unit for gross proceeds of $390,250. Each non flow-through unit was comprised of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at $0.25 per share for a period of 3 years. In relation to the private placement, the Company paid share issue costs of $4,269.

Of the proceeds from non flow-through units, $235,000 was allocated to share capital and $155,250 was allocated to warrants based on their relative fair value.

(v) On March 1, 2022, the Company issued 1,666,666 common to settle the debt of $250,000 owing to FOBI AI Inc. ("FOBI") for geological consulting fees. At the date of issuance, the fair market value of the shares issued was $354,167, therefore a loss on the settlement of debt of $104,167 was recorded. In relation to the shares issued to settle debt, the Company incurred $6,148 of share issue costs.

7. Shareholders' Equity - *Continued*

b) Issued Share Capital - *Continued*

Share transactions for the year ended September 30, 2022 (*continued*);

(vi) On March 31, 2022, the Company completed a non-brokered private placement of 25,505,000 flow-through units at $0.20 per unit for gross proceeds of $5,101,000. Each flow-through unit was comprised of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 2 years. In relation to the private placement, the Company paid finders' fees of $320,000, paid share issue costs of $113,261, issued 410,000 non flow-through finders' fee shares at $0.20 per share valued at $82,000, and issued 2,010,000 finders' fee warrants valued at $237,000. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.25 per share for a period of 2 years.

Of the proceeds from flow-through units, $3,209,000 was allocated to share capital and $1,892,000 was allocated to warrants based on their relative fair value.

(vii) During the year ended September 30, 2022, 1,000,000 stock options were exercised for gross proceeds of $125,000. The fair value of the options exercised was $104,318 was transferred to share capital upon exercise.

(viii) During the year ended September 30, 2022, 3,504,000 warrants were exercised for gross proceeds of $613,200. The fair value of the warrants exercised was $187,075 and was transferred to share capital upon exercise.

Share transactions for the year ended September 30, 2021;

(ix) On January 19, 2021, the Company completed a private placement of 12,000,000 flow-through units at $0.125 per unit for total proceeds of $1,500,000. Each flow-through unit consisted of one non flow-through common share and one warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years. The Company incurred share issue costs of $34,578, issued 896,358 finders' fee warrants valued at $77,000, and issued 896,357 finders' fee common shares valued at $100,840 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

The amount of the flow-through share liability associated with the flow-through shares was determined to be $150,000 based on the difference between unit price of the flow-through unit and the share price on the TSX Venture Exchange at the date of issuance. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $1,350,000, of which $764,000 was allocated to share capital and $586,000 was allocated to warrants based on their relative fair value.

7. Shareholders' Equity - *Continued*

b) Issued Share Capital - *Continued*

Share transactions for the year ended September 30, 2021 (*continued*);

(x) On January 26, 2021, the Company completed the first tranche of a private placement by issuing 7,100,000 non flow-through units at $0.125 per unit for total proceeds of $887,500. Each non flow-through unit consisted of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years. The Company incurred share issuance costs of $21,542 and issued 67,200 finders' fee warrants valued at $5,000 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

Of the cash proceeds received from non flow-through shares, $506,000 was allocated to share capital and $381,500 was allocated to warrants based on their relative fair value.

(xi) On March 3, 2021, the Company closed the second tranche of a private placement by issuing 800,000 flow-through and 26,032,000 non flow-through units at $0.125 per unit for gross proceeds of $100,000 and $3,254,000, respectively. Each flow-through and non flow-through unit consisted of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one non flow-through common share for a period of 5 years at a price of $0.175 per share.

Of the proceeds from flow-through units, $53,000 was allocated to share capital and $47,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, $3,254,000 was allocated to share capital and $1,520,000 was allocated to warrants based on their relative fair value.

The Company incurred share issuance costs of $143,718, issued 1,918,400 finders' fee warrants valued at $484,000, and issued 1,272,000 finders' fee common shares valued at $365,700 relating to the private placement. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 5 years.

(xii) On March 5, 2021, the Company issued 4,000,000 common shares to 1177865 BC Ltd. as part of the ELC property option agreement (Note 4), valued at $950,000. The Company incurred $5,425 of costs relating to the share issuances.

7. Shareholders' Equity - *Continued*

b) Issued Share Capital - *Continued*

Share transactions for the year ended September 30, 2021 (*continued*);

(xiii) On September 29, 2021, the Company completed the first tranche of a non-brokered private placement of 24,322,395 non flow-through units at $0.175 per unit, 4,373,383 flow-through units at $0.188 per unit and 5,714,285 charity flow-through units at $0.233 per unit for gross proceeds of $6,405,000. Each non flow-through unit is comprised of one common share and one warrant. Each flow-through and charity flow-through unit is comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional common share for a period of 3 years at $0.25 per share. In relation to the private placement, the Company incurred finders' fees of $491,725, share issue costs of $44,916 and issued 2,637,374 finders' fee warrants valued at $382,000. Each finders' fee warrant entitles the holder to purchase one additional non flow-through common share at $0.175 per share for a period of 3 years.

Of the cash proceeds received from non flow-through shares, $2,547,000 was allocated to share capital and $1,709,419 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the flow-through shares was determined to be $54,667 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $765,342, of which $458,000 was allocated to share capital and $307,342 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the charity flow-through shares was determined to be $328,571 based on the difference between the fair value price per share of the charity flow-through and the non flow-through shares. The remaining proceeds from the charity flow-through shares, after deducting the flow-through share liability was $1,000,000, of which $598,000 was allocated to share capital and $402,000 was allocated to warrants based on their relative fair value.

(xiv) During the year ended September 30, 2021, 2,540,000 stock options were exercised for gross proceeds of $317,500. The fair value of the options exercised was $207,120 and was transferred to share capital upon exercise.

(xv) During the year ended September 30, 2021, 5,027,463 warrants were exercised for gross proceeds of $879,806. The fair value of the warrants exercised was $275,832 and was transferred to share capital upon exercise.

In Canadian Dollars

7. Shareholders' Equity – *Continued*

c) Flow-through Share Liability

The following is a continuity of the liability portion of the flow-through share issuances:

Balance, September 30, 2020	$	28,410
Flow-through premium liability additions		533,238
Settlement of flow-through premium liability pursuant to qualifying expenditures		(113,310)
Balance, September 30, 2021		448,338
Flow-through premium liability additions		105,000
Settlement of flow-through premium liability pursuant to qualifying expenditures		(531,067)
Balance, September 30, 2022	$	22,271

d) Warrants

Details of warrants activity for the years ended September 30, 2022 and 2021 are as follows:

September 30, 2021	Issued	Exercised	Expired	September 30, 2022	Exercise Price	Expiry Date
5,456,000	-	-	-	5,456,000	$0.175	February 26, 2024
2,813,200	-	(1,040,000)	-	1,773,200	$0.175	March 20, 2024
-	27,514,999	-	-	27,514,999	$0.25	March 31, 2024
956,640	-	-	-	956,640	$0.175	April 8, 2024
7,368,747	-	-	-	7,368,747	$0.175	April 30, 2024
4,437,760	-	-	-	4,437,760	$0.175	May 24, 2024
34,410,058	-	-	-	34,410,058	$0.25	September 29, 2024
2,637,374	-	-	-	2,637,374	$0.175	September 29, 2024
-	9,495,237	-	-	9,495,237	$0.25	October 12, 2024
-	759,618	-	-	759,618	$0.175	October 12, 2024
-	8,547,161	-	-	8,547,161	$0.25	November 10, 2024
-	373,333	-	-	373,333	$0.188	November 10, 2024
-	2,230,000	-	-	2,230,000	$0.25	February 9, 2025
1,200,000	-	-	-	1,200,000	$0.175	April 20, 2025
10,960,838	-	(1,760,000)	-	9,200,838	$0.175	May 20, 2025
600,000	-	-	-	600,000	$0.175	June 3, 2025
12,896,358	-	(384,000)	-	12,512,358	$0.175	January 19, 2026
7,111,200	-	-	-	7,111,200	$0.175	January 26, 2026
28,550,400	-	(320,000)	-	28,230,400	$0.175	March 3, 2026
119,398,575	48,920,348	(3,504,000)	-	164,814,923	$0.212	

In Canadian Dollars

7. Shareholders' Equity – *Continued*

d) Warrants – *Continued*

September 30, 2020	Issued	Exercised	Expired	September 30, 2021	Exercise Price	Expiry Date
6,744,800	-	(1,288,800)	-	5,456,000	$0.175	February 26, 2024
2,853,200	-	(40,000)	-	2,813,200	$0.175	March 20, 2024
1,634,400	-	(677,760)	-	956,640	$0.175	April 8, 2024
8,818,610	-	(1,449,863)	-	7,368,747	$0.175	April 30, 2024
4,644,800	-	(207,040)	-	4,437,760	$0.175	May 24, 2024
-	34,410,058	-	-	34,410,058	$0.25	September 29, 2024
-	2,637,374	-	-	2,637,374	$0.175	September 29, 2024
1,200,000	-	-	-	1,200,000	$0.175	April 20, 2025
12,068,838	-	(1,108,000)	-	10,960,838	$0.175	May 20, 2025
600,000	-	-	-	600,000	$0.175	June 3, 2025
-	12,896,358	-	-	12,896,358	$0.175	January 19, 2026
-	7,167,200	(56,000)	-	7,111,200	$0.175	January 26, 2026
-	28,750,400	(200,000)	-	28,550,400	$0.175	March 3, 2026
38,564,648	85,861,390	(5,027,463)	-	119,398,575	$0.197	

The following weighted average assumptions were used in calculating the fair value of warrants issued in the years ended September 30, 2022 and 2021:

	2022	**2021**
Stock price volatility	123.30%	121.63%
Risk-free interest rate	1.72%	0.66%
Expected life of warrants	2.44 years	4.14 years
Expected dividend yield	0.00%	0.00%

e) Stock Options

The Company has a rolling stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

In Canadian Dollars

7. Shareholders' Equity – *Continued*

e) Stock Options – *Continued*

Details of activity in stock options for the years ended September 30, 2022 and 2021 are as follows:

September 30, 2021	Issued	Exercised	Expired Unexercised	Cancelled	September 30, 2022	Exercise Price	Expiry Date
200,000	-	-	(200,000)	-	-	$0.125	November 1, 2021
276,000	-	-	(276,000)	-	-	$0.25	February 6, 2022
200,000	-	-	(200,000)	-	-	$0.125	May 1, 2022
492,000	-	-	-	-	492,000*	$0.25	December 21, 2022
400,000	-	-	-	-	400,000	$0.125	April 1, 2025
48,000	-	-	-	-	48,000	$0.125	May 1, 2025
1,500,000	-	-	-	-	1,500,000	$0.125	January 5, 2026
2,200,000	-	(1,000,000)	-	-	1,200,000	$0.125	August 5, 2026
-	6,000,000	-	-	-	6,000,000	$0.175	December 24, 2026
-	7,000,000	-	-	-	7,000,000	$0.05	July 15, 2027
5,316,000	13,000,000	(1,000,000)	(676,000)	-	16,640,000**	$0.12	

September 30, 2020	Issued	Exercised	Expired Unexercised	Cancelled	September 30, 2021	Exercise Price	Expiry Date
276,000	-	-	-	-	276,000	$0.25	February 6, 2022
492,000	-	-	-	-	492,000	$0.25	December 21, 2022
100,000	-	(100,000)	-	-	-	$0.125	October 1, 2024
280,000	-	(80,000)	-	-	200,000	$0.125	November 1, 2021
400,000	-	-	-	-	400,000	$0.125	April 1, 2025
480,000	-	(280,000)	-	-	200,000	$0.125	May 1, 2022
728,000	-	(680,000)	-	-	48,000	$0.125	May 1, 2025
-	2,900,000	(1,400,000)	-	-	1,500,000	$0.125	January 5, 2026
-	2,200,000	-	-	-	2,200,000	$0.125	August 5, 2026
2,756,000	5,100,000	(2,540,000)	-	-	5,316,000	$0.143	

*Expired unexercised subsequent to September 30, 2022
**All of the options are exercisable as at September 30, 2022

(i) During the year ended September 30, 2022, the Company granted 13,000,000 stock options. The fair value of options issued was $1,158,000 (or $0.09 per option) which was recorded as share-based compensation in profit or loss and included in reserves.

(ii) During the year ended September 30, 2021, the Company granted 5,100,000 stock options. The fair value of options issued was $491,836 (or $0.10 per option) which was recorded as share-based compensation in profit or loss and included in reserves.

In Canadian Dollars

7. Shareholders' Equity – *Continued*

e) Stock Options – *Continued*

The following weighted average assumptions were used for calculating the share-based compensation in the years ended September 30, 2022 and 2021:

	2022	2021
Stock price volatility	116.42%	119.17%
Risk-free interest rate	2.24%	0.58%
Expected life of options	5.00 years	5.00 years
Expected dividend yield	0.00%	0.00%

8. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and formerly in Peru.

The Company's geographic information for years ended September 30, 2022 and 2021 are as follows:

As at September 30, 2022	Canada	Peru	Total
Assets			
Mineral properties	$ 3,381,558	$ -	$ 3,381,558
Other assets	11,108,886	6,254	11,115,140
Total	$ 14,490,444	$ 6,254	$ 14,496,698

As at September 30, 2021	Canada	Peru	Total
Assets			
Mineral properties	$ 2,225,065	$ 1,689,750	$ 3,914,815
Other assets	10,941,884	-	10,941,884
Total	$ 13,166,949	$ 1,689,750	$ 14,856,699

In Canadian Dollars

9. Related Party Transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Key management personnel consist of current and former directors and senior management including the Chief Executive Officer, Chief Financial Officer, directors and former President and Chief Executive Officer. Key management personnel compensation includes:

	2022	2021
Consulting and directors' fees	$ 294,000	$ 351,000
Exploration and evaluation costs	231,935	44,298
Share-based compensation	397,573	117,000
	$ 923,508	$ 512,298

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are interest free, unsecured, current and without fixed terms and are as follows:

	September 30, 2022	September 30, 2021
Key management personnel	$ 34,892	$ 12,702

10. Income Taxes

a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Loss for the year	$ (9,649,494)	$ (3,363,265)
Expected income tax (recovery)	$ (2,605,000)	$ (908,000)
Change in statutory, foreign tax, foreign exchange rates and other	(174,000)	103,000
Permanent differences	198,000	102,000
Impact of flow-through shares	891,000	296,000
Share issue costs	(192,000)	(20,000)
Adjustment to prior years provision versus statutory tax returns and expiry	(377,000)	5,000
Change in unrecognized deductible temporary differences	2,259,000	422,000
Total income tax expense (recovery)	**$ -**	**$ -**

In Canadian Dollars

10. Income Taxes – *Continued*

b) The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

		2022		2021
Deferred tax assets (liabilities)				
Mineral properties	$	1,499,000	$	536,000
Share issue costs		303,000		74,000
Non-capital losses available for future period		3,653,000		2,586,000
		5,455,000		3,196,000
Unrecognized deferred tax assets		(5,455,000)		(3,196,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2022	**Expiry Date Range**		**2021**	**Expiry Date Range**
Temporary Differences						
Mineral properties	$	5,450,000	No expiry date	$	1,885,000	No expiry date
Investment tax credit	$	37,000	2032 to 2034	$	37,000	2032 to 2034
Share issue costs	$	1,121,000	2042 to 2046	$	274,000	2041 to 2045
Non-capital losses available for future period	$	13,531,000	2030 to 2042	$	9,579,000	2030 to 2041

11. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of equity comprised of share capital, reserves and deficit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements and there were no changes in approach during fiscal 2022.

The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and cash equivalents, and other demand deposits, all held with major financial institutions.

12. Financial Instruments

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents, short-term investments and amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity.

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and amounts receivable. Cash and cash equivalents and short-term investments are held with a major Canadian financial institution and the receivables are due from Government entities and joint venture partners. Management is of the view that these amounts are fully collectible.

(ii) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest income. Presently, the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments as the Company has no interest-bearing debt and due to the short-term nature of cash investments.

12. Financial Instruments – *Continued*

b) Management of Risks Arising From Financial Instruments – *Continued*

(iv) Commodity Price Risk – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future potential revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

13. Subsequent Event

On January 23, 2023, a non-cashable GIC was redeemed for $2,000,000 and transferred from short-term investment to cash and cash equivalents (Note 4).