Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended June 30, 2023 and 2022

Unaudited – Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

ASSETS		June 30, 2023		September 30, 2022
Current				
Cash and cash equivalents	$	2,814,274	$	6,972,821
Short-term investments (Note 4)		-		3,000,000
Amounts receivable (Note 5)		1,801,569		939,388
Prepaid expenses		229,846		202,931
		4,845,689		11,115,140
Mineral Properties (Note 6)		3,636,750		3,381,558
	$	8,482,439	$	14,496,698

LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	367,404	$	159,073
Flow-through share liability (Note 7)		-		22,271
		367,404		181,344

SHAREHOLDERS' EQUITY				
Share Capital (Note 7)		27,216,924		26,635,569
Reserves (Note 7)		14,871,665		14,767,665
Deficit		(33,973,554)		(27,087,880)
		8,115,035		14,315,354
	$	8,482,439	$	14,496,698

Nature of Operations and Going Concern *(Note 1)*
Subsequent Event *(Note 12)*

Approved by the Board of Directors:

"Paul Reynolds" *"Alex Klenman"*

Paul Reynolds, Director Alex Klenman, Director

- See Accompanying Notes -

Azincourt Energy Corp.

(An Exploration Stage Company)

Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended June 30, 2023 and 2022

Unaudited – Prepared by Management

In Canadian Dollars

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Expenses				
Advertising	$ 162,875	$ 180,760	$ 470,417	$ 329,863
Audit and accounting	15,700	25,890	87,652	76,090
Communication and media	13,875	94,476	104,950	309,723
Consulting and directors' fees (Note 9)	178,643	229,697	661,225	598,425
Exploration and evaluation costs (Note 6 and 9)	708,925	593,453	4,705,940	4,532,457
Filing and transfer agent fees	12,296	28,542	36,230	70,630
Foreign exchange (gain)/loss	-	-	-	1,357
Insurance	2,871	1,896	8,613	5,686
Investor relations	60,059	153,694	142,567	434,092
Legal	4,451	2,414	6,531	32,348
Marketing	35,280	195,250	259,361	850,751
Office and administration	34,044	46,321	111,960	124,060
Property investigation costs	25,833	230,500	111,050	362,698
Rent	3,000	3,000	9,000	9,000
Share-based compensation (Note 7)	-	-	-	877,000
Total Expenses	(1,257,852)	(1,785,893)	(6,715,496)	(8,614,180)
Other Income				
Administration income (Note 6)	9,211	-	62,547	-
Interest income	30,248	20,085	148,642	34,431
Other income (Note 7c))	-	39,067	22,271	556,338
Write-off of mineral property interests (Note 6)	(403,638)	-	(403,638)	-
Net loss and comprehensive loss for the period	$ (1,622,031)	$ (1,726,741)	$ (6,885,674)	$ (8,023,411)
Loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding	239,912,065	227,355,328	233,139,771	204,578,807

– See Accompanying Notes –

Azincourt Energy Corp.
(An Exploration Stage Company)
Consolidated Interim Statements of Cash Flows
For the Nine Months Ended June 30, 2023 and 2022
Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):		**2023**		**2022**
Operations:				
Loss for the period	$	(6,885,674)	$	(8,023,411)
Items not affecting cash:				
Dilution of joint venture interest		(367,640)		
Other income		(22,271)		(556,338)
Share-based compensation		-		877,000
Write-off of mineral property interests		403,638		-
Change in non-cash working capital:				
Amounts receivable		(862,181)		(299,762)
Prepaid expenses		(26,915)		(29,725)
Accounts payable and accrued liabilities		207,466		85,074
		(7,553,577)		(7,947,162)
Investing:				
Redemption of short-term investments		3,000,000		-
Mineral property acquisition costs		(99,790)		(205,000)
		2,900,210		(205,000)
Financing:				
Proceeds from issuance of shares		575,000		8,753,670
Share issuance costs		(80,180)		(1,234,295)
Exercise of options		-		125,000
Exercise of warrants		-		613,200
		494,820		8,257,575
Net increase (decrease) in cash		(4,158,547)		105,413
Cash - beginning of period		6,972,821		10,477,865
Cash - end of period	$	2,814,274	$	10,583,278
Non-cash transactions summary:				
Interest and income taxes	$	-	$	-
Common shares issued for properties	$	191,400	$	250,000
Common shares issued to extinguish debt	$	-	$	250,000
Fair value of warrants issued	$	104,000	$	3,197,858
Fair value of warrants exercised	$	-	$	187,075
Fair value of warrants as finders' fees	$	-	$	402,000
Share issuance costs included in accounts payable	$	865	$	395,137
Fair value of options exercised	$	-	$	104,318
Flow-through share liability	$	-	$	423,813
Joint venture receivable applied to mineral properties	$	367,640	$	-

- See Accompanying Notes -

Azincourt Energy Corp.
(An Exploration Stage Company)
Consolidated Interim Statements of Changes in Equity
In Canadian Dollars

	Share Capital		Reserves			
	Shares*	Amount $	Warrants $	Options $	Deficit $	Total $
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 period	-	-	-	-	(8,023,411)	(8,023,411)
Private placements – flow-through	33,904,999	6,676,000	-	-	-	6,676,000
Flow-through liability	-	(423,813)	-	-	-	(423,813)
Relative fair value of warrants	-	(2,353,188)	2,353,188	-	-	-
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	-	(402,000)	402,000	-	-	-
Shares issued as finders' fees	410,000	-	-	-	-	-
Shares issued to settle debt	1,666,666	250,000	-	-	-	250,000
Shares issued to acquire mineral properties	1,135,073	250,000	-	-	-	250,000
Share issue costs	-	(697,655)	-	-	-	(697,655)
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	-	-	-	877,000	-	877,000
Balance, June 30, 2022	227,384,119	26,438,763	12,232,501	2,091,352	(25,461,797)	15,300,819
Balance, September 30, 2022	227,384,119	26,635,569	12,395,313	2,372,352	(27,087,880)	14,315,354
Loss for the period	-	-	-	-	(6,885,674)	(6,885,674)
Private placements – non flow-through	9,583,330	575,000	-	-	-	575,000
Relative fair value of warrants	-	(104,000)	104,000	-	-	-
Shares issued to acquire mineral properties	4,785,000	191,400	-	-	-	191,400
Share issue costs	-	(81,045)	-	-	-	(81,045)
Balance, June 30, 2023	241,752,449	27,216,924	12,499,313	2,372,352	(33,973,554)	8,115,035

*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. 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 condensed consolidated interim financial statements.

These consolidated interim 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 June 30, 2023, the Company had not achieved profitable operations and had an accumulated deficit of $33,973,554. These consolidated interim 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 for the upcoming 12 months.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ended September 30, 2022.

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 January 12, 2022, in Peru.

d) Approval of the Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors on August 22, 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.

f) Critical accounting judgments and estimates

The preparation of these interim consolidated 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.

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 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:

2. Basis of Presentation - *Continued*

f) Critical Accounting Judgments and Estimates – *Continued*

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 7.

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).

3. 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.

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%. During the nine months ended June 30, 2023, $3,000,000 of these GICs had reached maturity and transferred to cash and cash equivalents.

In Canadian Dollars

5. Amounts receivable

	June 30, 2023	September 30, 2022
GST receivable	$ 311,883	$ 393,142
Recoveries from joint venture partner (Note 6)	1,420,281*	505,844
Interest receivable	69,405	40,402
Total	$ 1,801,569	$ 939,388

* an amended agreement has been signed to settle the balance owing to the Company (see Note 12)

6. Mineral Properties

East Preston Property, Saskatchewan, Canada

The Company owns a 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 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 nine months ended June 30, 2023, the project incurred total exploration expenditures of $5,897,439 of which $914,437 is recoverable from Skyharbour for its 15% interest in the joint venture. As at June 30, 2023, $1,420,281 is owed by Skyharbour and has been included in amounts receivable (Note 5). Subsequent to June 30, 2023, Skyharbour and the Company have agreed to settle the amounts owing (Note 12).

Dixie Gold has elected to not participate in any exploration programs, therefore its interest of 15% has been diluted to 4.4% and Azincourt's interest has increased to 80.6% as at June 30, 2023. The value of the diluted interest was $367,640 which the Company has accounted for as acquisition costs and included in mineral properties.

Total administration fee was $62,547 for the nine months ended June 30, 2023.

In Canadian Dollars

6. Mineral Properties – *Continued*

Big Hill Lithium Project, Newfoundland, Canada

On April 20, 2023, the Company entered into an option agreement with Atlantis Battery Metal Corp. ("Atlantis") to earn up to 75% interest in the Big Hill Lithium Project ("Big Hill") located in Newfoundland, Canada. Pursuant to the agreement, the Company can earn a 60% interest by making the following staged cash payments, issue common shares and incurring certain exploration expenditures:

Date	Cash Payments	Common Shares	Work Obligation
On Closing Date of May 10, 2023 (paid and issued)	$ 75,000	3,850,000[1]	$ Nil
On or before May 10, 2024	75,000*	4,500,000	250,000
On or before May 10, 2025	75,000*	5,500,000	1,000,000
On or before May 10, 2026	Nil	Nil	2,000,000
TOTAL	$ 225,000	13,850,000	$ 3,250,000

[1] Issued with a fair value of $154,000
*Subject to an additional top-up payment in the event the volume-weighted average closing price of the common shares of the Company is less than $0.05 in the five trading days preceding any subsequent share issuance to Atlantis.

Following the acquisition of 60% interest in the Project, the Company will have a further option, exercisable for a period of 30 days, to acquire a further 15% interest in the Project by completing a one-time cash payment to the Optionor equivalent to the fair market value of the interest at the time.

A finder's fee of $20,000 and 1,310,000 common shares is payable to an arms-length third party, of which $20,000 (paid) and 935,000 shares (issued with a fair value of $37,400) is payable upon closing of the agreement of May 10, 2023 with the remaining shares issuable on or before May 10, 2025.

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 six 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

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

In Canadian Dollars

6. Mineral Properties – *Continued*

Hatchet Lake Property, Saskatchewan, Canada – *Continued*

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

As at June 30, 2023, the Company decided not to continue with the Hatchet Lake Property, therefore total acquisitions costs of $403,638 were written off.

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.

Acquisition Costs Summary

	East Preston Property	ELC Property	Hatchet Lake Property	Big Hill Property	Total
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
Option payment – cash	-	-	-	75,000	75,000
Option payment – shares	-	-	-	154,000	154,000
Finders' fee – cash	-	-	-	20,000	20,000
Finders' fee – shares	-	-		37,400	37,400
Filing fees				4,790	4,790
Joint venture partner dilution	367,640	-	-	-	367,640
Write-off			(403,638)	-	(403,638)
Balance, as at June 30, 2023	$ 3,345,560	$ -	$ -	$ 291,190	$ 3,636,750

In Canadian Dollars

6. Mineral Properties – *Continued*

Exploration and Evaluation Expenditures Summary

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2023 and 2022 as are follows:

	East Preston Property	ELC Property	Hatchet Lake Property	Big Hill Property	**2023 Total**
Camp and general	$ 1,225,642	$ 12,263	$ 310	$ -	$ 1,238,215
Drilling	4,097,142	-	-	-	4,097,142
Freight	87,402	-	-	-	87,402
Geological and geophysical	417,848	-	14,207	-	432,055
Mapping and interpretation	69,405	-	-	1,250	70,655
Total exploration and evaluation costs	5,897,439	12,263	14,517	1,250	5,925,469
Recoveries pursuant joint venture agreement	(1,219,529)	-	-	-	(1,219,529)
Net exploration and evaluation costs	$ 4,677,910	$ 12,263	$ 14,517	$ 1,250	$ 4,705,940

	East Preston Property	ELC Property	Hatchet Lake Property	**2022 Total**
Camp and general	$ 1,456,745	$ 9,038	$ -	$ 1,239,807
Drilling	2,518,796	-	-	2,301,749
Freight	56,513	-	-	51,417
Geological and geophysical	465,542	188	19,608	341,293
Helicopter charter	6,027	-	-	4,838
Total exploration and evaluation costs	$ 4,503,623	$ 9,226	$ 19,608	$ 3,939,004

7. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

7. Shareholders' Equity – *Continued*

b) Issued Share Capital

Share transactions for the nine months ended June 30, 2023:

(i) On February 14, 2023, the Company closed a private placement of 9,583,334 non flow-through units at $0.06 per unit for gross proceeds of $575,000. Each non flow-through unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at $0.10 per share for a period of 2 years. In relation to the private placement, the Company paid share issue costs of $68,659.

Of the proceeds from non flow-through units, $471,000 was allocated to share capital and $104,000 was allocated to warrants based on their relative fair value.

(ii) On May 5, 2023, the Company issued 3,850,000 common shares to Atlantis valued at $154,000 and 935,000 finders' fee shares valued at $37,400 as part of an option agreement (Note 6). The Company incurred $12,385 of share issue costs relating to the share issuances.

Share transactions for the nine months ended June 30, 2022;

(iii) 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*

Share transactions for the nine months ended June 30, 2022 (*continued*):

(iv) 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.

(v) On December 1, 2021, the Company issued 2,837,684 common shares to ValOre as part of an option agreement (Note 6), valued at $250,000. The Company incurred $9,450 of share issue costs relating to the share issuances.

(vi) 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.

(vii) 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.

In Canadian Dollars

7. Shareholders' Equity – *Continued*

b) Issued Share Capital – *Continued*

(vii) 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.

(viii) 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.

(ix) During the nine months ended June 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.

(x) During the nine months ended June 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.

c) Flow-through Share Liability

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

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
Settlement of flow-through premium liability pursuant to qualifying expenditures		(22,271)
Balance, June 30, 2023	$	-

In Canadian Dollars

7. Shareholders' Equity – *Continued*

d) Warrants

Details of warrants activity for the nine months ended June 30, 2023 and the year ended September 30, 2022 are as follows:

September 30, 2021	Issued	Exercised	Expired	September 30, 2022	Issued	June 30, 2023	Exercise Price	Expiry Date
5,456,000	-	-	-	5,456,000	-	5,456,000	$0.175	February 26, 2024
2,813,200	-	(1,040,000)	-	1,773,200	-	1,773,200	$0.175	March 20, 2024
-	27,514,999	-	-	27,514,999	-	27,514,999	$0.25	March 31, 2024
956,640	-	-	-	956,640	-	956,640	$0.175	April 8, 2024
7,368,747	-	-	-	7,368,747	-	7,368,747	$0.175	April 30, 2024
4,437,760	-	-	-	4,437,760	-	4,437,760	$0.175	May 24, 2024
34,410,058	-	-	-	34,410,058	-	34,410,058	$0.25	September 29, 2024
2,637,374	-	-	-	2,637,374	-	2,637,374	$0.175	September 29, 2024
-	9,495,237	-	-	9,495,237	-	9,495,237	$0.25	October 12, 2024
-	759,618	-	-	759,618	-	759,618	$0.175	October 12, 2024
-	8,547,161	-	-	8,547,161	-	8,547,161	$0.25	November 10, 2024
-	373,333	-	-	373,333	-	373,333	$0.188	November 10, 2024
-	2,230,000	-	-	2,230,000	-	2,230,000	$0.25	February 9, 2025
-	-	-	-	-	4,791,666	4,791,666	$0.10	February 14, 2025
1,200,000	-	-	-	1,200,000	-	1,200,000	$0.175	April 20, 2025
10,960,838	-	(1,760,000)	-	9,200,838	-	9,200,838	$0.175	May 20, 2025
600,000	-	-	-	600,000	-	600,000	$0.175	June 3, 2025
12,896,358	-	(384,000)	-	12,512,358	-	12,512,358	$0.175	January 19, 2026
7,111,200	-	-	-	7,111,200	-	7,111,200	$0.175	January 26, 2026
28,550,400	-	(320,000)	-	28,230,400	-	28,230,400	$0.175	March 3, 2026
119,398,575	48,920,348	(3,504,000)	-	164,814,923	4,791,666	169,606,589	$0.209	

The following weighted average assumptions were used in calculating the fair value of warrants issued in the nine months ended June 30, 2023 and 2022:

	2023	**2022**
Stock price volatility	100.68%	123.30%
Risk-free interest rate	4.19%	1.72%
Expected life of warrants	2.00 years	2.44 years
Expected dividend yield	0.00%	0.00%

In Canadian Dollars

7. Shareholders' Equity – *Continued*

d) 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.

Details of activity in stock options for the nine months ended June 30, 2023 and the year ended September 30, 2022 are as follows:

September 30, 2022	Issued	Exercised	Expired Unexercised	Cancelled	June 30, 2023	Exercise Price	Expiry Date
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
1,200,000	-	-	-	-	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
16,640,000	-	-	(492,000)	-	16,148,000*	$0.11	

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	

*All of the options are exercisable as at June 30, 2023

(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.

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 nine months ended June 30, 2023 and 2022:

	2023*	2022
Stock price volatility	-	122.72%
Risk-free interest rate	-	1.28%
Expected life of options	-	5.0 years
Expected dividend yield	-	0.00%

*No stock options were issued during the nine months ended June 30, 2023.

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.

b) Geographic Segments

The Company's geographic information as at June 30, 2023 and September 30, 2022 are as follows:

As at June 30, 2023	Canada	Peru	Total
Assets			
Mineral properties	$ 3,636,750	$ -	$ 3,636,750
Other assets	4,839,435	6,254	4,845,689
Total	$ 8,476,185	$ 6,254	$ 8,482,439

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

In Canadian Dollars

9. Related Party Transactions

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

Compensation of Key Management Personnel

Key management personnel consist of the Chief Executive Officer, Chief Financial Officer, VP Explorations, and directors. Key management personnel compensation includes:

	2023	2022
Consulting and directors' fees	$ 232,500	$ 220,500
Exploration and evaluation costs	165,750	180,750
Share-based compensation	-	397,573
	$ 398,250	$ 798,823

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:

	June 30, 2023	September 30, 2022
Key management personnel	$ 30,000	$ 34,892

10. 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 the current period.

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, investments in GICs, all held with major financial institutions.

11. 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 approximate 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.

11. Financial Instruments – *Continued*

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

(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.

(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.

12. Subsequent Event

On August 15, 2023, the Company and Skyharbour amended its joint operating joint venture agreement whereby in Skyharbour will pay $150,000 and issue 1,000,000 common shares to the Company to settle the amounts owing of $1,420,281 for its 15.0% share in the East Preston project (Note 5 and 6). The payment and share issuances are subject to TSX-V approval and upon payment and issuance of shares, Skyharbour's share in the East Preston project will be diluted to 9.5% from 15.0%.