Condensed Consolidated Interim Financial Statements

For the Three Months Ended August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of iMetal Resources Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Notes		August 31, 2023		May 31, 2023
ASSETS					
Current					
Cash		$	532,052	$	893,539
Amounts receivable			25,295		96,852
Prepaids			104,966		143,760
			662,313		1,134,151
Non-current					
Exploration and evaluation assets	3		6,404,288		6,281,856
Equipment	4		5,483		5,928
TOTAL ASSETS		**$**	**7,072,084**	**$**	**7,421,935**
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	160,546	$	246,458
Due to related parties	5		42,773		31,471
Flow-through premium liability	7		117,152		124,799
Total liabilities			320,471		402,728
SHAREHOLDERS' EQUITY					
Capital stock	6		49,133,964		49,133,964
Reserves	6		4,638,324		4,634,146
Deficit			(47,020,675)		(46,748,903)
Total shareholders' equity			6,751,613		7,019,207
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,072,084**	**$**	**7,421,935**

Nature of operations and going concern – Note 1
Contingencies – Note 12
Subsequent events- Note 13

These condensed consolidated interim financial statements were approved by the Board of Directors on October 30, 2023. They were signed on the Company's behalf by:

"Scott Davis"	*"Saf Dhillon"*
Director	Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended August 31,
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Notes	2023	2022
OPERATING EXPENSES			
Consulting	5	$ 91,536	$ 79,043
Depreciation	4	445	635
Interest		-	126
Rent		4,500	-
Marketing		101,043	37,750
Office and administration		22,562	11,655
Property investigation		-	1,191
Professional fees	5	15,944	6,092
Share-based payments	5&6	4,178	8,066
Transfer agent and listing fees		7,817	9,800
Travel and promotion		31,394	9,328
Loss from operations		(279,419)	(163,686)
OTHER ITEMS			
Amortization of flow-through premium liability	7	7,647	13,546
Gain on debt settlement		-	27,193
		7,647	40,739
Loss and comprehensive loss for the period		**$ (271,772)**	**$ (122,947)**
Loss per common share – basic and diluted		$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted		50,880,063	37,179,397

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended August 31,
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period		$	(271,772)	$	(122,947)
Items not affecting cash:					
Gain on debt settlement			-		27,193
Depreciation	4		445		635
Interest expense			-		126
Share-based payments	6		4,178		8,066
Amortization of flow-through premium liability	7		(7,647)		(13,546)
Changes in non-cash working capital items:					
Amounts receivable			71,557		(2,451)
Prepaids			38,794		16,191
Accounts payable and accrued liabilities			(44,142)		(37,628)
Due to related parties	5		11,302		(11,392)
Net cash used in operating activities			(197,285)		(135,753)
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration and evaluation assets			(164,202)		(90,492)
Net cash used in investing activities			(164,202)		(90,492)
Change in cash for the period			(361,487)		(226,245)
Cash, beginning of the period			893,539		1,984,495
Cash, end of the period		$	532,052	$	1,758,250

Supplemental cash flow Information (Note 11)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Capital Stock				
	Number of shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance – May 31, 2022	**37,179,397**	**$ 46,179,894**	**$ 4,638,719**	**$ (44,603,683)**	**$ 6,214,930**
Share-based payments	-	-	8,066	-	8,066
Loss and comprehensive loss for the period	-	-	-	(122,947)	(122,947)
Balance – August 31, 2022	**37,179,397**	**$ 46,179,894**	**$ 4,646,785**	**$ (44,726,630)**	**$ 6,100,049**
Balance – May 31, 2023	**50,880,063**	**$ 49,133,964**	**$ 4,634,146**	**$ (46,748,903)**	**$ 7,019,207**
Share-based payments	-	-	4,178	-	4,178
Loss and comprehensive loss for the period	-	-	-	(271,772)	(271,772)
Balance – August 31, 2023	**50,880,063**	**$ 49,133,964**	**$ 4,638,324**	**$ (47,020,675)**	**$ 6,751,613**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of Operations and Going Concern

The Company is engaged in the exploration and evaluation of mineral properties in Ontario and Quebec, Canada and has not yet determined whether these properties contain National Instrument 43-101 compliant ore reserves that are economically recoverable. The exploration programs undertaken and proposed constitute an exploratory search and the evaluation of historic resources. There is no assurance that the Company will be successful in its search and evaluation. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and evaluation programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts written-off, and do not necessarily represent present or future values. The recovery of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and evaluation of such a property or properties and ultimately upon future profitable production from a property or properties or the realisation of proceeds from the disposition thereof. At August 31, 2023, the Company has a working capital of $341,842 (May 31, 2023 - $731,423), incurred losses since inception and at August 31, 2023 has an accumulated deficit of $47,020,675 (May 31, 2023 - $46,748,903).

The Company requires additional funds to continue operations, to explore its mineral properties and to maintain its property interests. Management is actively seeking additional financing and, while it has successfully done this in the past, there is no assurance that it will continue to be able to do so in the future. These matters raise significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The head office, principal address, registered address and records office of the Company are located at suite 550 - 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's shares are traded on the Tier 2 of the TSX Venture Exchange ("TSX-V") under the symbol "IMR.V" and on the OTCQB under the symbol "IMRFF" as well as on the Frankfurt Exchange under the symbol "A7V".

2. Significant Accounting Policies

Statement of Compliance

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 - Interim Financial Reporting. In addition, these condensed consolidated interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") in effect at August 31, 2023 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed consolidated interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2023.

In management's opinion, all adjustments necessary for fair presentation have been included in these condensed consolidated interim financial statements. Interim results are not necessarily indicative of the results expected for the year ending May 31, 2024.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical basis except for items at fair value and have been prepared using the accrual basis of accounting, except cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. These condensed consolidated interim financial statements include the accounts of iMetal Resources Inc. and its wholly-owned subsidiary Risorse Dei Minerali Naturali S.R.L ("RMN"), a company incorporated in the province of Grosseto, Italy.

Significant Accounting Judgments, Estimates and Assumptions

Judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2023.

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Assets

	Gowganda West	Ghost Mountain	Kerrs Gold	Mosher Lake	Carheil	Other Properties	Total
Balance – May 31, 2022	**$ 2,511,722**	**$ 200,933**	**$ 1,007,231**	**$ 278,731**	**$ 370,547**	**$ 10,790**	**$ 4,379,954**
Acquisition costs:	$ 4,960	$ -	$ 66,400	$ -	$ -	$ -	$ 71,360
Exploration costs:							
Assays, staking and mapping	152,837	17,537	-	-	18,463	12,364	201,201
Consulting	273,081	15,767	68,178	144	75,624	144	432,938
Claims leases and permits	15,402	-	-	-	2,758	-	18,160
Drilling	836,236	-	-	-	164,941	-	1,001,177
Equipment rental and field work	85,643	-	-	-	9,882	-	95,525
Geological/Geophysical	21,929	-	-	-	-	-	21,929
Office, miscellaneous and travel	40,000	897	-	-	18,715	-	59,612
	1,430,088	34,201	134,578	144	290,383	12,508	1,901,902
Balance – May 31, 2023	**$ 3,941,810**	**$ 235,134**	**$ 1,141,809**	**$ 278,875**	**$ 660,930**	**$ 23,298**	**$ 6,281,856**
Acquisition costs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Exploration costs:							
Assays, staking and mapping	35,472	-	17,757	-	-	-	53,229
Consulting	22,925	476	22,704	-	13,696	-	59,801
Claims leases and permits	-	-	1,200	-	3,956	-	5,156
Office, miscellaneous and travel	-	-	4,228	-	18	-	4,246
	58,397	476	45,889	-	17,670	-	122,432
Balance – August 31, 2023	**$ 4,000,207**	**$ 235,610**	**$ 1,187,698**	**$ 278,875**	**$ 678,600**	**$ 23,298**	**$ 6,404,288**

(Expressed in Canadian Dollars)

Ontario, Canada

Gowganda West Property

During the year ended May 31, 2017, the Company entered into an option agreement for mineral properties in Gowganda, Ontario. The option agreement included cash payments totalling $200,000 and share issuances totalling 80,000 common shares.

During the year ended May 31, 2021, each of the four underlying property vendors agreed to modify the existing NSR agreements to the new terms in exchange for a cash payment of $5,000 (paid) and the issuance of 30,000 common shares (issued) of the Company. The amended residual Net Smelter Return (NSR) royalties to the underlying property vendors include:

- Gowganda West NSR remains at 3% with the Company now holding the option to buy back 50% reducing the NSR to 1.5% at any time up to production for $1,000,000;
- Mosher Lake NSR remains at 2% with the Company now holding the option to buy back 50% reducing the NSR to 1.0% at any time up to production for $1,000,000;
- Ghost Mountain NSR remains at 3% with the Company now holding the option to buy back 50% reducing the NSR to 1.5% at any time up to production for $1,000,000;

As a result, the Company acquired the substantial ownership of the Gowganda West Property as per the amended option agreement stated above.

During the year ended May 31, 2023, the Company incurred acquisition costs of $4,960 related to an application for a claim extension for the Gowganda West Property.

Ghost Mountain Property

During the year ended May 31, 2021, the Company acquired the substantial ownership of the Ghost Mountain Property as per the amended option agreement mentioned in Note 3 *Gowganda West Property.*

Mosher Lake Property

During the year ended May 31, 2021, the Company acquired the substantial ownership of the Mosher Lake Property as per the amended option agreement mentioned in Note 3 *Gowganda West Property.*

Kerrs Gold Property

On January 24, 2022, the Company entered into a purchase option agreement (the “Option Agreement”) with Gravel Ridge Resources Ltd. And 1544230 Ontario Inc. (collectively, the "Vendors") pursuant to which it would be granted the right to acquire the Kerrs Gold Deposit (“Deposit”).

To acquire the Deposit, the Company was required to issue 3,500,000 common shares (the “Consideration Shares") and complete a series of four cash payments totaling $210,000 to the Vendors. The transaction details as below:

Due date	Cash	Common shares
Upon receipt of the TSXV’s approval on April 1, 2022	$60,000 (Paid)	3,500,000 (issued)
On April 1, 2023	$50,000 (Paid)	-
On April 1, 2024	$40,000	-
On April 1, 2025	$60,000	-

Following completion of the above cash payments and share issuances, the Company acquired the Deposit and granted to the Vendors a three percent royalty (the "Royalty") on net smelter returns from the Deposit. The Company may acquire 2% of the Royalty from the Vendors at any time by completing a one-time cash payment of $2,000,000.

On September 28, 2022, the Company further completed and expanded its existing option agreement with Gravel Ridge Resources Ltd. And 1544230 Ontario Inc. (collectively, the "Vendors") to expand the scope of the Kerrs Gold Deposit by acquiring an additional 137 hectares of the Property. As a result of the extension of acquisition, the Company issued the Vendors a further 200,000 common shares at a fair market value of $16,000 and reimbursed the Vendor for the expenses of $48,130 associated with maintaining the additional area. The Company also incurred acquisition cost of $400 related to an application for a claim extension for the Kerrs Gold Property.

Temagami North Property

The Company holds several claims on the Temagami North Property. During the year ended May 31, 2022, the Company terminated the option with the underlying concession holder and has no further obligation with respect to the project. There were $7,192 in historical capitalized costs associated with this project which were written off during the year ended May 31, 2022.

Quebec, Canada

Carheil Property

During the year ended May 31, 2016, the Company acquired mineral properties in Quebec from Skyworld Holdings Limited ("Skyworld"). The terms of the acquisition include:

- Skyworld would receive $15,000 upon signing of a definitive agreement (paid);
- Skyworld would receive $10,000 each year for five years for a total of $50,000 starting in the year following the year of the initial $15,000 payment and the signing of the definitive agreement (paid in full);
- The Company would issue 16,000 shares to Skyworld upon the closing of the transaction (issued at a value of $20,000);
- The Company would issue 20,000 additional shares per year for three years for a total of 60,000 shares, starting in the year following the year after the closing of the transaction (issued in full at a value of $75,000); and
- Finder's fees were paid by issuing 7,600 shares valued at $9,500 to an arm's length third party in connection with this transaction.

During the year ended May 31, 2018, the Company renewed the 54 claims to August 2020 and during the year ended May 31, 2019, the Company renewed the 54 claims to August 2023.

(Expressed in Canadian Dollars)

4. Equipment

	Vehicle $
Cost:	
Balance at August 31, 2023	29,046
Accumulated depreciation:	
Balance at May 31, 2022	(20,577)
Depreciation	(2,541)
Balance at May 31, 2023	(23,118)
Depreciation	(445)
Balance at August 31, 2023	(23,563)
Carrying amount:	
May 31, 2023	5,928
August 31, 2023	5,483

5. Related Party Transactions

The Company incurred expenses to related parties during the period ended August 31, 2023.

- $5,000 (2022 - $nil) in consulting fees to a firm previously providing accounting and corporate secretary services where a director of the Company is a partner.
- $52,500 (2022 – 52,500) in consulting fees to a company controlled by the Company's chief executive officer and director of the Company.
- $15,000 (2022 - $15,701) in consulting fees, $2,465 capitalized to exploration and evaluation assets and $12,535 expensed to corporate consulting fees to a company controlled by a director of the Company.
- $nil (2022 - $3,000) in consulting fees to a company controlled by a former officer of the Company.
- $2,000 (2022 - $nil) in consulting fees to a company controlled by a former officer of the Company.
- $45,000 (2022 - $18,000) in consulting fees, $45,000 capitalized to exploration and evaluation assets to a company controlled by an officer of the Company.
- $5,000 (2022 - $nil) in consulting fees to a company controlled by a former director of the Company.

As at Aug 31, 2023, the Company owed $42,773 (2022 – $nil) to a company controlled by an officer of the Company.

Amounts owing to or from related parties are non-interest bearing and due on demand.

During the period ended Aug 31, 2023, the Company issued nil (May 31, 2023 - 700,000) stock options with a fair value of $nil (May 31, 2023- $70,059) to related directors and officers of the Company. During the period ended Aug 31, 2023, $4,178 in total (May 31, 2023 - $116,879) has been included in share-based compensation.

6. Equity

a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

As at Aug 31, 2023, the Company had 50,880,063 shares issued and outstanding.

<u>During the period ended August 31, 2023:</u>

- The Company incurred no transaction affecting share capital.

<u>During the year ended May 31, 2023:</u>

- At September 28, 2022, the Company issued 200,000 common shares at a fair value of $16,000 for the property acquisition of Kerrs Gold Property (Note 3).

- At December 30, 2022, the Company completed its non-brokered flow-through private placement by issuing 2,150,000 units for gross proceeds $602,000. The Company incurred finders' fees totaling $42,140 and issued 150,500 finders' warrants with a fair value of $20,000 upon closing of the financing. The finders' warrants are exercisable at a price of $0.35 until December 30, 2024. A flow-through premium liability of $99,975 was recognized with respect to these flow-through shares. Please refer to Note 8 for the details of flow through premium liability.

- At March 31, 2023, the Company completed its non-brokered flow-through private placement by issuing 2,000,000 Quebec flow-through units at $0.25 per unit for gross proceeds of $500,000. Each Quebec flow-through unit consists of one common share of the Company and one common share purchase warrant exercisable to acquire an additional common share at $0.35 per unit until March 31, 2025. The Company incurred finders' fees totaling of $30,000 and issued 120,000 warrants with a value of $13,000 under the same terms upon closing of the financing to an arm's length third party who introduced the subscriber to the Company. All securities issued in connection with the Non-brokered FTPP are subject to a statutory hold period until August 1, 2023, in accordance with applicable securities laws. A flow-through premium liability of $94,000 was recognized with respect to these flow through shares. Please refer to Note 8 for the details of flow through premium liability.

- At April 6, 2023, the Company completed its non-brokered flow-through private placement by issuing 3,125,000 flow-through units at $0.25 per unit for gross proceeds of $781,250. Each flow-through unit consists of one common share of the Company and one common share purchase warrant exercisable to acquire an additional common share at $0.30 per unit until April 6, 2025. The Company incurred finders' fees totaling of $15,000 and issued 60,000 warrants with a value of $9,000 under the same terms upon closing of the financing to an arm's length third party who introduced the subscriber to the Company. All securities issued in connection with the Non-brokered FTPP are subject to a statutory hold period until August 7, 2023, in accordance with applicable securities laws. A flow-through premium liability of $30,650 was recognized with respect to these flow through shares. Please refer to Note 8 for the details of flow through premium liability.

- During the year end May 31, 2023, the Company issued 6,225,666 shares pursuant to the exercise of 6,225,666 warrants at a price of $0.20 per share for gross proceed $1,245,133.

(Expressed in Canadian Dollars)

b) Share purchase options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, officers, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the Exchange.

During the period ended August 31, 2023, the Company granted 210,000 (May 31, 2023 – 1,050,000) stock options at a weighted average exercise price of $0.16 (May 31, 2023 - $0.11) per share and recorded share-based payments of $4,178 (May 31, 2023 – $89,000).

The granted options details as follows:

- On July 1, 2023, the Company granted JP Capital LLC 210,000 incentive stock options with a fair value of $25,000 at the date of grant, which is exercisable at a price of $0.16 per share until December 31, 2025. The options will vest over a period of twelve months in compliance with the TSX Venture Exchange.

The continuity of share purchase options is as follows:

	Outstanding Options	Weighted Average Exercise Price $
Balance, May 31, 2022	2,759,000	0.33
Granted	1,050,000	0.11
Expired	(320,000)	0.75
Balance, May 31, 2023	3,489,000	0.31
Granted	210,000	0.16
Expired	(2,000)	2.13
Balance, August 31, 2023	3,697,000	0.30

At August 31, 2023, the following incentive stock options were outstanding to directors, officers and consultants:

Number of Options Outstanding	Exercise Price $	Weight Average remaining in years	Expiry Date	Number of Options Exercisable
387,000	0.700	2.22	November 18, 2025	387,000
1,900,000	0.330	3.61	April 8, 2027	1,900,000
150,000	0.380	3.62	April 14, 2027	150,000
850,000	0.075	4.08	September 28, 2027	850,000
200,000	0.240	4.35	January 4, 2028	200,000
210,000	0.160	2.34	December 31, 2025	35,000
3,697,000				**3,522,000**

The weighted average remaining life of the options at August 31, 2023 is 3.54 years (May 31, 2023 – 3.86 years).

(Expressed in Canadian Dollars)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended August 31, 2023:

	Period ended August 31, 2023	Year ended May 31, 2023
Risk-fee interest rate	2.13%	1.54%
Expected life of options	2.5 years	5 years
Expected annualized volatility	127.60%	150.77%
Expected dividend rate	-	-
Fair value per option	$0.120	$0.085

c) Warrants

The continuity of share purchase warrants for the period ended August 31, 2023 is as follows:

	Outstanding Warrants	Weighted Average Exercise Price $
Balance, May 31, 2022	27,514,819	0.35
Granted – warrants	5,455,500	0.32
Exercised- warrants	(6,225,666)	0.20
Expired- warrants	(5,536,261)	1.00
Balance, May 31, 2023 and August 31, 2023	21,208,392	0.23

At August 31, 2023, the following warrants were outstanding:

Number of Warrants	Weight Average remaining in years	Exercise Price ($)	Expiry Date
13,724,667	0.60	0.20	April 7, 2024
1,338,332	0.60	0.20	April 7, 2024
464,533	0.60	0.20	April 7, 2024
225,360	0.60	0.20	April 7, 2024
150,500	1.33	0.35	December 30, 2024
120,000	1.58	0.35	March 31, 2025
2,000,000	1.58	0.35	March 31, 2025
3,125,000	1.60	0.30	April 6, 2025
60,000	1.60	0.30	April 6, 2025
21,208,392			

The weighted average remaining life of the warrants at August 31, 2023 is 0.86 years (May 31, 2023– 1.11 years).

The following weighted average assumptions were used for the Black-Scholes valuation of finders' warrants granted during the period ended August 31, 2023:

	Period ended August 31, 2023	Year ended May 31, 2023
Risk-fee interest rate	-	1.93%
Expected life of warrants	-	2
Expected annualized volatility	-	130.42%
Expected dividend rate	-	-
Fair value per warrant	-	0.13

(Expressed in Canadian Dollars)

7. Flow through Share Premium Liability

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuance.

Balance at May 31, 2022	**$**	**187,291**
Premium liability incurred on flow-through shares		224,625
Amortization of flow-through liability		(287,117)
Balance at May 31, 2023	**$**	**124,799**
Amortization of flow-through liability		(7,647)
Balance at August 31, 2023	**$**	**117,152**

8. Segmented Information

The Company currently conducts all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

9. Capital Management

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

To maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

10. Financial Instruments and Financial Risk Factors

Financial instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted price in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data

The fair value hierarchal classification of the Company's financial instruments measured at fair value for the period ended August 31, 2023, is as follows:

August 31, 2023	Level 1	Level 2	Level 3	Total
Cash	$ 532,052	$ -	$ -	$ 532,052

May 31, 2023	Level 1	Level 2	Level 3	Total
Cash	$ 893,539	$ -	$ -	$ 893,539

Cash is measured using Level 1 inputs. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the period ended August 31, 2023, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities. Cash is measured at amortized cost.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk and foreign exchange risk. The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, note payable and due to related parties. The fair value of these financial instruments approximates their carrying values due to their short term to maturity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. To the extent that the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or engage in negotiations to extend terms with creditors. The Company manages liquidity risk through the management of its capital structure (see Note 10).

Foreign Exchange Risk

The Company raises its capital in Canadian dollars. The Company holds its cash mainly in Canadian dollars. The Company minimizes its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit Risk

Credit risk is the risk associated with the counterparty's inability to fulfil its payment obligations. The Company is not exposed to credit risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net income or the value of financial instruments. These risks are generally outside the control of the Company. The objectives of the Company are to mitigate market risk exposure within acceptable limits, while maximizing returns. The Company has no significant exposure to market risk.

(Expressed in Canadian Dollars)

11. Supplemental Cash Flow Information

	Period ended August 31, 2023 $	Year ended May 31, 2023 $
Non-Cash Investing and Financing Activities:		
Finders' warrants issued in private placement	-	42,000
Common shares issued pursuant to mineral property agreements	-	16,000
Accounts payable included in exploration and evaluation assets	51,783	93,553
Gain on debt settlement	-	9,545
Shares issued to settle debt	-	-

12. Contingencies

During the year ended May 31, 2020, the Company received a lawsuit in the Supreme Court of British Columbia from a shareholder citing that the Company terminated a consulting agreement between the shareholder and the Company and is seeking damages for breach of contract. However, in the opinion of management, the claim is without merit and the outcome is unknown. No provision has been recorded for this lawsuit.

13. Subsequent event

On Oct 10, 2023, The Company announced that it has engaged Scandinavian Alliance (the "Alliance") to advise the Company on its marketing and social media presence as well as to assist with market awareness in European markets. The engagement is for an initial four-month term continuing until January 31, 2024, and in consideration the Alliance is entitled to receive fees totaling $108,500 of which $54,250 is payable immediately with the balance payable upon completion of the next equity financing by the Company.