HUNTSMAN EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Huntsman Exploration Inc.

Opinion

We have audited the consolidated financial statements of Huntsman Exploration Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended August 31, 2022 and 2021, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and its cash flows for years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 6, 2022

HUNTSMAN EXPLORATION INC.
Consolidated Statements of Financial Position
As at August 31,
(Expressed in Canadian Dollars)

		2022		2021
ASSETS				
Current				
Cash and cash equivalents (Note 11)	$	191,069	$	736,649
Term deposit		17,976		-
Amounts receivable		19,489		133,615
Prepaid expenses (Note 7)		6,349		98,279
		234,883		968,543
Exploration and evaluation assets (Notes 6 and 7)		6,953,407		10,185,329
	$	**7,188,290**	**$**	**11,153,872**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	$	258,278	$	94,677
		258,278		94,677
Equity				
Share capital (Note 8)		28,635,978		25,159,753
Shares Issuable (Note 6)		715,000		-
Reserves (Note 8)		2,909,991		2,639,880
Deficit		(25,103,066)		(16,636,302)
Accumulated other comprehensive loss		(227,891)		(104,136)
		6,930,012		11,059,195
	$	**7,188,290**	**$**	**11,153,872**

Going Concern (Note 2)
Commitments (Note 6)
Subsequent Events (Note 14)

Authorized for issuance on behalf of the Board on December 6, 2022:

"Nathan Tribble" Director

"Jeremy Ross" Director

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

HUNTSMAN EXPLORATION INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended August 31,
(Expressed in Canadian Dollars)

	2022	2021
Expenses		
Consulting fees (Note 7)	$ 420,726	$ 766,529
Foreign exchange	1,345	873
General exploration costs (recovery) (Note 7)	24,500	(26,846)
Management fees (Note 7)	191,229	328,230
Office and general	71,792	74,344
Professional fees	173,517	249,791
Rent (Note 7)	82,387	60,764
Share-based payments (Notes 7 and 8)	270,111	642,973
Shareholder communications and investor relations	202,657	500,157
Transfer agent and filing fees	25,751	62,822
Travel	9	1,902
Loss Before Other Items	(1,464,024)	(2,661,539)
Other Items		
Interest income	738	5,832
Loss on sale of exploration and evaluation assets (Note 6)	(2,421,574)	-
Impairment of exploration and evaluation assets (Note 6)	(4,581,904)	-
	(7,002,740)	5,832
Net Loss for the Year	(8,466,764)	(2,655,707)
Other Comprehensive Loss		
Item that may be reclassified subsequently to income or loss:		
Exchange difference on translating foreign operations	(123,755)	(121,505)
Comprehensive Loss for the Year	$ (8,590,519)	$ (2,777,212)
Loss per Share – Basic and Diluted	$ (0.07)	$ (0.03)
Weighted Average Number of Common Shares Outstanding	118,830,083	77,370,036

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

HUNTSMAN EXPLORATION INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital							
	Number of Shares	**Share Capital**	**Share Subscriptions Received**	**Shares Issuable**	**Reserves**	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total**
Balance, August 31, 2020	**33,532,640**	**$ 13,661,609**	**$ 25,000**	**$ -**	**$ 1,810,168**	**$ (13,980,595)**	**$ 17,369**	**$ 1,533,551**
Private placements	30,095,000	6,019,000	(25,000)	-	-	-	-	5,994,000
Share issuance costs	-	(434,619)	-	-	186,759	-	-	(247,860)
Shares issued for exploration and evaluation assets	23,436,890	5,891,907	-	-	-	-	-	5,891,907
Warrants exercised	154,545	21,636	-	-	-	-	-	21,636
Stock options exercised	1,000	200	-	-	-	-	-	200
Fair value transferred upon exercise of stock options	-	20	-	-	(20)	-	-	-
Share based payments	-	-	-	-	642,973	-	-	642,973
Net loss for the year	-	-	-	-	-	(2,655,707)	-	(2,655,707)
Exchange difference on translating foreign operations	-	-	-	-	-	-	(121,505)	(121,505)
Balance, August 31, 2021	**87,220,075**	**25,159,753**	**-**	**-**	**2,639,880**	**(16,636,302)**	**(104,136)**	**11,059,195**
Private placements	31,027,529	2,171,927	-	-	-	-	-	2,171,927
Share issuance costs	-	(125,702)	-	-	-	-	-	(125,702)
Shares issued for exploration and evaluation assets	26,000,000	1,430,000	-	-	-	-	-	1,430,000
Share based payments	-	-	-	-	270,111	-	-	270,111
Shares to be issued for PieCo acquisition (note 6d)	-	-	-	715,000	-	-	-	715,000
Net loss for the year	-	-	-	-	-	(8,466,764)	-	(8,466,764)
Exchange difference on translating foreign operations	-	-	-	-	-	-	(123,755)	(123,755)
Balance, August 31, 2022	**144,247,604**	**$ 28,635,978**	**$ -**	**$ 715,000**	**$ 2,909,991**	**$ (25,103,066)**	**$ (227,891)**	**$ 6,930,012**

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

HUNTSMAN EXPLORATION INC.
Consolidated Statements of Cash Flows
For the Years Ended August 31,
(Expressed in Canadian Dollars)

		2022		2021
Operating Activities				
Net loss for the year	$	(8,466,764)	$	(2,655,707)
Items not involving cash				
Share-based payments		270,111		642,973
Loss on sale of exploration and evaluation assets		2,421,574		-
Impairment of exploration and evaluation assets		4,581,904		-
Foreign exchange gain		(17,786)		-
Changes in non-cash working capital balances				
Amounts receivable		114,126		(120,880)
Prepaid expenses		46,957		(74,524)
Accounts payable and accrued liabilities		141,234		(783,273)
Cash Used in Operating Activities		(908,644)		(2,991,411)
Investing Activities				
Exploration and evaluation asset expenditures, net		(1,661,596)		(1,773,369)
Purchase of term deposit		(17,976)		
Proceeds on sale of exploration and evaluation assets		165		-
Cash Used in Investing Activities		(1,679,407)		(1,773,369)
Financing Activities				
Shares issued for cash		2,171,927		5,994,000
Share issuance costs		(125,702)		(247,860)
Shares issued for warrant exercise		-		21,636
Shares issued for stock option exercise		-		200
Cash received through acquisition		89		-
Repayments of loans payable		-		(262,300)
Cash Provided by Financing Activities		2,046,314		5,505,676
Change in Cash		(541,737)		740,896
Effect of Exchange Rates on Cash		(3,843)		(46,900)
Cash and Cash Equivalents, Beginning of Year		736,649		42,653
Cash and Cash Equivalents, End of Year	$	191,069	$	736,649

Supplemental Disclosure with Respect to Cash Flows (Note 11)

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

1. NATURE OF OPERATIONS

Huntsman Exploration Inc. (the "Company") is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the acquisition, exploration and evaluation of mineral properties, as well as exploration of mineral properties once acquired. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "HMAN" and on the US OTC Markets under the symbol "BBBMF". The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a net loss of $8,466,764 for the year ended August 31, 2022 and has a working capital deficit of $23,395 and an accumulated deficit of $25,103,066 at August 31, 2022. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

In early March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and were approved and authorized for issue by the Board of Directors on December 6, 2022.

b) Measurement basis

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value. These consolidated financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

(Expressed in Canadian Dollars)

3. BASIS OF PREPARATION (Continued)

c) Basis of presentation

These consolidated financial statements include all subsidiaries in the accounts of the Company for the periods presented. Intercompany balances and transactions are eliminated in preparation of the Company's consolidated financial statements. These subsidiaries are listed as follows:

Subsidiary	Ownership August 31, 2022	Ownership August 31, 2021	Incorporated	Nature
BlueBird Battery Metals Australia Pty. Ltd.	100%	100%	Australia	Mineral exploration
Huntsman Exploration USA Inc.	100%	100%	USA	Mineral exploration
PieCo Metals Pty. Ltd. ("PieCo")	100%	Nil*	Australia	Mineral exploration

**acquired on April 26, 2022*

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

d) Foreign currency translation

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's Australian subsidiaries is the Australian dollar ("AUD") and the functional currency of the Company's USA subsidiary is the US dollar, which have been determined to be the currencies of the primary economic environment in which the subsidiaries operate.

Transactions in currencies other than the functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items are measured at historical cost in a functional currency and are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Financing costs

Professional, consulting and regulatory fees, as well as other costs directly attributable to financing transactions, are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources, including acquisition costs for interests in mineral claims, are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties and costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and, upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors is present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves and the profitability of future operations. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation costs do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company, and accordingly, are recorded on a cash basis.

c) Impairment

Financial assets
Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment (continued)

Non-financial assets
Exploration and evaluation assets are reviewed at each reporting date for impairment or whenever events or changes in circumstances indicate that the carrying amount of the properties exceeds its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) 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 can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. 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.

As at August 31, 2022, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties, and accordingly, no provision has been recorded for such site reclamation or abandonment.

e) Flow-through shares

Exploration expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with the Government of Canada flow-through regulations. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the difference between the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under certain rules, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization, such as share splits, reverse splits or cancellations of common shares.

h) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby 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 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 statement of financial position date. Deferred tax is not recognized for temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Classification of financial assets is established by management at the initial recognition of financial assets based on the purpose for which these financial assets were acquired. Financial instruments are originally recorded at fair value when the Company becomes a party to contractual provision of these instruments.

Financial assets are classified into one of three categories: amortized cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). All financial assets not classified at amortized cost or FVTOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method. Fair value changes in financial instruments classified as FVTOCI are recognized in other comprehensive income (loss). Cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to deficit.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

j) Cash and cash equivalents

Cash and cash equivalents include cash in banks and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of loss in value.

k) Accounting standard issued but not yet effective

International Accounting Standard (“IAS”) 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for years beginning on or after January 1, 2023. The amendment is expected to have no impact on the Company’s consolidated financial statements.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Judgments in applying accounting policies (continued)

c) Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

e) Share-based payments

The Company's determination that the fair value of exploration and evaluation assets acquired with share-based consideration cannot be estimated reliably.

Areas of estimation uncertainty

The following are key assumptions concerning the future and other sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at August 31, 2022, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

5. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Areas of estimation uncertainty (continued)

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the period. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Baxter Spring	Flint Property	Canegrass Property	Julimar Property	Total
Acquisition Costs					
Balance, August 31, 2020	**$ 34,071**	**$ -**	**$ 1,680,082**	**$ -**	**$ 1,714,153**
Acquisition and option payments	4,138,857	2,197,130	-	-	6,335,987
Claim costs	32,923	178,502	-	-	211,425
Currency translation difference	(3,588)	(1,709)	-	-	(5,297)
Balance, August 31, 2021	**4,202,263**	**2,373,923**	**1,680,082**	**-**	**8,256,268**
Acquisition and option payments	318,000	-	-	2,164,106	2,482,106
Claim costs (recovery)	34,922	(1,652)	219,233	43,028	295,531
Sale of exploration and evaluation assets	-	(2,374,750)	-	-	(2,374,750)
Impairment	(4,558,293)	-	-	-	(4,558,293)
Currency translation difference	3,108	2,479	(3,386)	(34,089)	(31,888)
Balance, August 31, 2022	**$ -**	**$ -**	**$ 1,895,929**	**$ 2,173,045**	**$ 4,068,974**
Deferred Exploration Expenditures					
Balance, August 31, 2020	**$ -**	**$ -**	**$ 1,016,677**	**$ -**	**$ 1,016,677**
Camp and other	-	-	18,588	-	18,588
Drilling	-	-	500,584	-	500,584
Geological	20,728	44,833	202,581	-	268,142
Geophysical	-	-	174,905	-	174,905
Currency translation difference	(64)	(245)	(49,526)	-	(49,835)
Balance, August 31, 2021	**20,664**	**44,588**	**1,863,809**	**-**	**1,929,061**
Drilling	-	-	694,447	-	694,447
Geological	2,854	2,047	357,470	-	362,371
Geophysical	-	-	31,201	-	31,201
Sale of exploration and evaluation assets	-	(46,989)	-	-	(46,989)
Impairment	(23,611)	-	-	-	(23,611)
Currency translation difference	93	354	(62,494)	-	(62,047)
Balance, August 31, 2022	**$ -**	**$ -**	**$ 2,884,433**	**$ -**	**$ 2,884,433**
Total Exploration and Evaluation Assets					
Balance, August 31, 2021	**$ 4,222,927**	**$ 2,418,511**	**$ 3,543,891**	**$ -**	**$ 10,185,329**
Balance, August 31, 2022	**$ -**	**$ -**	**$ 4,780,362**	**$ 2,173,045**	**$ 6,953,407**

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Baxter Spring Property

On August 26, 2020, and as amended September 22, 2021, the Company entered into an option agreement to acquire a 100% interest in the Baxter Spring Property, located in Nevada, from Liberty Gold Corp. ("Liberty") and Liberty's wholly owned subsidiary, Pilot Gold (USA) Inc.

In consideration, the Company must make payments as follows:

- Cash payment of US$250,000 (paid);
- An additional cash payment of US$250,000 (paid) on or before May 31, 2022; and
- Issuance of common shares of the Company equal to 19.5% of the outstanding shares (issued 14,986,890 shares valued at $3,821,657).

The property is subject to a 2% net smelter return royalty ("NSR") and Liberty retains a back-in right to acquire a 35% interest in the property within three years upon payment of the sum of US$1,000,000 to the Company.

The Company recorded impairment charges in the amount of $4,581,904 to fully impair during the year ended August 31, 2022 as substantive expenditure for the exploration and evaluation asset is neither budgeted nor planned. The Company retains ownership of the Baxter Spring Property.

b) Flint Property

On December 3, 2020, the Company entered into an agreement to acquire a 100% interest in certain claims comprising the Flint Property. In consideration, the Company paid US$100,000 in cash and issued 8,450,000 common shares of the Company valued at $2,070,250.

The Company satisfied the terms of the option agreement by staking 174 claims within the area of interest of the agreement at a cost of $127,900. The vendors retain a 2% NSR on the Flint Property, including claims staked by the Company.

On August 8, 2022, the Company sold 100% interest in the Flint Property in exchange for total consideration of US$130. As a result, the Company recorded a loss of $2,421,574 on the disposal of the Flint Property.

c) Canegrass Property

On March 15, 2018, the Company entered into an option agreement with Trafalgar Resources Pty. Ltd. ("Trafalgar") to acquire a 100% interest in the Canegrass Property, located in the Mount Magnet region of Western Australia.

In consideration, the Company must make payments as follows:

- Cash payment of $25,000 (paid) and issuance of 1,500,000 common shares of the Company (issued and valued at $870,000) upon approval by the TSX-V (approval received on March 21, 2018);
- Issuance of an additional 937,500 common shares of the Company on or before March 21, 2019 (issued and valued at $553,125); and
- Issuance of an additional 937,500 common shares of the Company on or before March 21, 2020 (issued and valued at $131,250).

The Company must also incur exploration expenditures as follows:

- $500,000 on or before March 21, 2019 (incurred);
- An additional $500,000 on or before March 21, 2020 (incurred); and
- An additional $500,000 on or before March 21, 2021 (incurred).

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Canegrass Property (continued)

A finder's fee of 130,529 common shares (issued and valued at $75,707) was paid in relation to the Canegrass Property. Subject to further TSX-V approval, a discovery bonus of 750,000 common shares of the Company will be issued in the event of discovery of a copper/cobalt equivalent resource of 250,000 ounces or greater on the Canegrass Property. During the year ended August 31, 2021, the Company fulfilled its purchase obligations on the property to earn a 100% interest in the Canegrass property. The Company also paid a $25,000 letter of intent fee to Trafalgar during the year ended August 31, 2018.

d) Julimar Property

On April 26, 2022, the Company closed its acquisition of all of the issued and outstanding shares of PieCo, a private company with a portfolio of projects within the Julimar province of Western Australia.

The Company incurred a non-refundable option fee of AUD$30,000 to the vendors for the option (included in exploration and evaluation assets). Total consideration includes 39,000,000 common shares to be issued to the shareholders of PieCo as follows:

- 13,000,000 common shares on closing of the acquisition (issued and valued at $715,000);
- 13,000,000 common shares within six months of closing of the acquisition (issued and valued at $715,000); and
- 13,000,000 common shares within one year of closing of the acquisition (accrued value of $715,000 with shares issuable).

The agreement provides that the second or third share issuances will be deferred in the event that the issuance would result in any of PieCo's shareholders becoming insiders pursuant to Canadian securities laws to such later time or times that the issuance will not result in the creation of an insider.

The vendors retain a 1.5% NSR on the projects held by PieCo.

The acquisition of PieCo has been accounted for as an acquisition of assets and liabilities, as PieCo does not meet the definition of a business under IFRS 3 *Business Combinations*. The acquisition of the net assets of PieCo was recorded at the fair value of the consideration transferred of $2,145,000 and the value of the option fee of AUD$30,000 of which $2,144,911 was allocated to the mineral property as detailed above. The net assets acquired consisted substantially of exploration and evaluation assets.

7. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the consolidated statements of comprehensive loss for the years ended August 31, 2022 and 2021:

	August 31, 2022	August 31, 2021
Consulting fees	$ 19,171	$ 5,717
General exploration	30,000	18,000
Management fees	191,229	228,230
Share-based payments	254,222	303,077
Total	$ 494,622	$ 555,024

7. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Key management includes directors and officers of the Company, including the Chief Executive Officer ("CEO"), President and Chief Financial Officer ("CFO").

During the year ended August 31, 2022, the Company also paid or accrued:

- $55,000 (2021 - $56,000) in rent to a company with a common officer; and
- $nil (2021 - $20,065) in exploration and evaluation asset expenditures to a private company for a director's services.
- $nil (2021 - $100,000) in management fees for termination benefits of the CEO.

As at August 31, 2022, included in prepaid expenses is $nil (2021 - $12,585) paid to a private company for a director's services and $nil (2021 - $5,250) paid to a company with a common officer for rent.

As at August 31, 2022, included in accounts payable and accrued liabilities is $78,338 (2021 - $nil) due to companies controlled by directors for outstanding consulting fees. The amounts are unsecured, non-interest-bearing and due on demand.

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

<u>During the year ended August 31, 2022</u>

- On November 26, 2021, the Company completed a placement for gross proceeds of $2,171,927. The Company issued 31,027,529 common shares of the Company at a price of $0.07 per share. The Company paid finder's fees of $114,092 and other share issuance costs of $11,609.

- On April 27, 2022, the Company issued 13,000,000 common shares measured at $715,000 for the acquisition of PieCo and the Julimar Property (Note 6(d)).

- On May 25, 2022, the Company issued 13,000,000 common shares measured at $715,000 for the acquisition of PieCo and the Julimar Property (Note 6(d)).

<u>During the year ended August 31, 2021</u>

- On October 19, 2020, the Company completed a placement for gross proceeds of $5,639,000. The Company issued 28,195,000 units at a price of $0.20 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.35 for a period of three years. The Company paid finder's fees of $216,690 in cash and issued 1,083,450 finder's warrants with an exercise price of $0.35 per unit and a term to expiry of three years (valued at $186,759). The Company paid other share issuance costs of $31,170. The Company received $25,000 in connection with this private placement prior to August 31, 2020.

- On November 12, 2020, the Company issued 14,986,890 common shares valued at $3,821,657 for the acquisition of the Baxter Spring Property (Note 6(a)).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

During the year ended August 31, 2021 (continued)

- On November 27, 2020, the Company completed a private placement for gross proceeds of $380,000. The Company issued 1,900,000 units at a price of $0.20 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.35 for a period of three years.

- On December 21, 2020, the Company issued 8,450,000 common shares valued at $2,070,250 for the acquisition of the Flint Property (Note 6(b)).

- During the year ended August 31, 2021, the Company received $21,636 and $200 pursuant to the exercise of 154,545 warrants and 1,000 stock options, respectively.

c) Warrants

Warrant transactions and the number of warrants outstanding for the years ended August 31, 2022 and 2021 are summarized as follows:

	August 31, 2022		**August 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	31,468,858	$ 0.35	533,472	$ 0.24
Issued	-	-	31,178,450	$ 0.35
Exercised	-	-	(154,545)	$ 0.14
Expired	(290,408)	$ 0.14	(88,519)	$ 0.72
Outstanding, end of year	31,178,450	$ 0.35	31,468,858	$ 0.35

The following warrants were outstanding and exercisable at August 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
October 19, 2023	1.13	$ 0.35	29,278,450
November 27, 2023	1.24	$ 0.35	1,900,000
	1.14		31,178,450

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

c) Warrants (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. During the year ended August 31, 2022, the Company did not grant any (2021 - 1,083,450 with a fair value of $186,759) finder's warrants. The fair value of each finder's warrant granted for the years ended August 31, 2022 and 2021 was calculated using the following weighted average assumptions:

	August 31, 2022	August 31, 2021
Expected life (years)	N/A	3.00
Risk-free interest rate	N/A	0.25%
Expected annualized volatility	N/A	118%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	$ 0.265
Exercise price	N/A	$ 0.35
Weighted average grant date fair value	N/A	$ 0.17

d) Stock options

The Company adopted a stock option plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. Under the Plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

During the year ended August 31, 2022, the Company recognized $270,111 (2021 - $642,973) of share-based payment expense in connection with 6,800,000 options granted during the period (2021 - 3,675,000).

The following is a summary of option transactions under the Company's Plan for the years ended August 31, 2022 and 2021:

	August 31, 2022		August 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	6,004,000	$ 0.28	2,742,500	$ 0.34
Expired	(2,505,000)	$ 0.33	(412,500)	$ 0.46
Exercised	-	-	(1,000)	$ 0.20
Granted	6,800,000	$ 0.07	3,675,000	$ 0.25
Outstanding, end of year	10,299,000	$ 0.13	6,004,000	$ 0.28

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

d) Stock options (continued)

The following options were outstanding and exercisable at August 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
September 14, 2022**	0.04	$ 0.25 - $ 0.30	300,000	300,000
March 25, 2023	0.56	$ 0.20	674,000	674,000
January 8, 2024	1.36	$ 0.25	2,250,000	2,250,000
February 26, 2024	1.49	$ 0.25	275,000	275,000
December 3, 2024	2.26	$ 0.07	6,800,000	6,800,000
	1.87		10,299,000	10,299,000

**see Note 14(b)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each stock option grant was calculated using the following weighted average assumptions:

	August 31, 2022	**August 31, 2021**
Expected life (years)	3.00	3.00
Risk-free interest rate	1.09%	0.25%
Expected annualized volatility	115%	118%
Dividend yield	N/A	N/A
Stock price at grant date	$ 0.06	$ 0.25
Exercise price	$ 0.07	$ 0.25
Weighted average grant date fair value	$ 0.04	$ 0.17

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the year ended August 31, 2022, the Company did not transfer any amounts (2021 - $20) from the share-based payments reserve to deficit upon the exercise of stock options (2021 - 1,000).

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, term deposit and accounts payable. Cash and cash equivalents and term deposit are classified as FVTPL. Accounts payable is classified as measured at amortized cost. The carrying values of these instruments approximate their fair values due to the relatively short periods to maturity.

The following table sets forth the Company's financial asset measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

August 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 191,069	$ -	$ -	$ 191,069
Term deposit	$ 17,976	$ -	$ -	$ 17,976

August 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 736,649	$ -	$ -	$ 736,649

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash and cash equivalents. To minimize the credit risk on cash and cash equivalents, the Company places the instruments with a major Canadian financial institution. The maximum amount of credit risk is equal to the carrying value of cash and cash equivalents.

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at August 31, 2022, the Company had contractual obligations consisting of accounts payable and accrued liabilities of $258,278, due within the next 12 months. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (Continued)

i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada, the USA and Australia, and incurs operating and exploration expenditures in all currencies. The fluctuation of the Canadian dollar in relation to the Australian dollar will have an impact upon the results of the Company. A fluctuation in the exchange rate between the Canadian and Australian dollars of 10% would result in a change to the Company's cash of $18,800 and accounts payable and accrued liabilities of $8,400. The fluctuation of the Canadian dollar in relation to the US dollar would not have any significant impact upon the results of the Company. The Company does not use any techniques to mitigate currency risk.

ii) *Interest rate risk* – The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant, as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

10. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

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

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the years ended August 31, 2022 and 2021. The Company is not subject to externally imposed capital requirements.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2022	2021
Cash and Cash Equivalents		
Cash	$ 191,069	$ 736,649
Non-Cash Transactions and Supplemental Disclosures		
Shares issued for exploration and evaluation assets (Notes 6 and 8)	$ 2,145,000	$ 5,891,907
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

Geographical information related to the Company's non-current assets is as follows:

	August 31, 2022	August 31, 2021
Exploration and evaluation assets – United States	$ -	$ 6,641,438
Exploration and evaluation assets – Australia	6,953,407	3,543,891
Total exploration and evaluation assets	$ 6,953,407	$ 10,185,329

13. INCOME TAXES

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	August 31, 2022	August 31, 2021
Combined statutory tax rate	27.00%	27.00%
Income tax recovery at combined statutory rate	$ (2,293,000)	$ (717,000)
Rate change from prior year to current year	16,000	10,000
Permanent difference and others	1,763,000	182,000
Tax benefits not recognized	514,000	525,000
Provision for income tax expense	$ -	$ -

The tax effects of deductible and taxable temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

	August 31, 2022	August 31, 2021
Non-capital loss carry-forwards	$ 3,396,000	$ 2,564,000
Exploration and evaluation assets	1,041,000	1,361,000
Share issuance costs	61,000	59,000
Total gross deferred income tax assets	4,498,000	3,984,000
Deferred tax assets not recognized	(4,498,000)	(3,984,000)
Net deferred income tax assets	$ -	$ -

(Expressed in Canadian Dollars)

13. INCOME TAXES (Continued)

As at August 31, 2022, the Company has approximately $9,040,000 of non-capital loss carry-forwards in Canada available to reduce taxable income for future years. These losses expire as follows:

August 31, 2031	$	33,000
August 31, 2032		79,000
August 31, 2033		359,000
August 31, 2034		242,000
August 31, 2035		388,000
August 31, 2036		603,000
August 31, 2037		811,000
August 31, 2038		1,752,000
August 31, 2039		1,044,000
August 31, 2040		666,000
August 31, 2041		2,142,000
August 31, 2042		921,000
	$	9,040,000

As at August 31, 2022, the Company has approximately $4,023,000 of non-capital loss carry-forwards in Australia available to reduce taxable income for future years. These losses have no expiry date.

14. SUBSEQUENT EVENTS

a) On October 31, 2022, the Company issued the remaining 13,000,000 common shares for the acquisition of PieCo (note 6(d)).

b) Subsequent to August 31, 2022, 300,000 stock options expired unexercised.