



CASSIAR GOLD CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021
EXPRESSED IN CANADIAN DOLLARS

To the Shareholders of Cassiar Gold Corp.:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Corporation incurred a net loss and had negative cash flows relating to operating activities during the year ended September 30, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation'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. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed 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, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Calgary, Alberta

January 16, 2023

MNP LLP

Chartered Professional Accountants

CASSIAR GOLD CORP.
Consolidated Statements of Financial Position

As at	September 30, 2022	September 30, 2021
	\$	\$
ASSETS		
CURRENT		
Cash	8,589,522	3,473,561
GST receivable	408,342	145,078
Prepays	193,420	74,230
TOTAL CURRENT ASSETS	9,191,284	3,692,869
NON-CURRENT		
Property and Equipment (Notes 5 and 7)	395,016	446,911
Exploration and Evaluation Assets (Note 6)	28,177,473	17,543,515
Deposits (Note 8)	418,944	418,944
Right-of-use assets (Note 7)	149,742	-
TOTAL ASSETS	38,332,459	22,102,239
LIABILITIES		
CURRENT		
Trade and other payables	2,470,799	637,074
Flow-through share liability (Note 10)	102,389	117,965
Short-term lease obligation (Note 9)	88,589	-
TOTAL CURRENT LIABILITIES	2,661,777	755,039
NON-CURRENT		
Asset retirement obligation (Note 8)	2,259,056	2,481,232
Long-term lease obligation (Note 9)	63,107	-
TOTAL LIABILITIES	4,983,940	3,236,271
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 10)	45,728,783	32,921,848
CONTRIBUTED SURPLUS	15,772,067	11,347,662
DEFICIT	(28,152,331)	(25,403,542)
TOTAL SHAREHOLDERS' EQUITY	33,348,519	18,865,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38,332,459	22,102,239
GOING CONCERN (Note 2)		
SUBSEQUENT EVENTS (Note 17)		

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

Approved by the Board of Directors:

“Marco Roque”

Marco Roque, Director

“Stephen Letwin”

Stephen Letwin, Director

CASSIAR GOLD CORP.

Consolidated Statements of Net Loss and Comprehensive Loss For the years ended September 30,

	2022	2021
	\$	\$
Expenses		
Operating	-	20,210
General and administrative (Note 14)	1,564,241	1,836,405
Share-based payments (Note 10)	1,401,916	616,167
Depreciation (Note 5 & 7)	81,844	61,263
Total expenses	3,048,001	2,534,045
Flow-through share premium (Note 10)	(325,694)	(959,876)
Other income	(67)	253
Accretion (Note 8)	26,549	28,532
Net loss and comprehensive loss	2,748,789	1,602,954
Weighted average number of shares	68,710,814	54,070,948
Basic and diluted loss per share	\$ 0.04	\$ 0.03

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

CASSIAR GOLD CORP.**Consolidated Statements Changes in Shareholders' Equity**

	Note	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance as at, September 30, 2020		22,341,107	9,698,737	(23,800,588)	8,239,256
Net loss and comprehensive loss		-	-	(1,602,954)	(1,602,954)
Common shares issued, net costs	10	5,115,382	-	-	5,115,382
Warrants issued	10	3,157,092	-	-	3,157,092
Warrants expired	10	(950,933)	950,933	-	-
Stock options forfeited	10	-	(27,862)	-	(27,862)
Property option payments	10	3,259,200	-	-	3,259,200
Share-based payments	10	-	644,029	-	644,029
Capitalized share-based payments	10	-	81,825	-	81,825
Balance as at, September 30, 2021		32,921,848	11,347,662	(25,403,542)	18,865,968
Net loss and comprehensive loss		-	-	(2,748,789)	(2,748,789)
Common shares issued, net costs	10	8,556,073	-	-	8,556,073
Warrants issued	10	1,690,952	-	-	1,690,952
Warrants expired	10	(3,003,549)	3,003,549	-	-
Warrants exercised	10	5,529,533	-	-	5,529,533
Stock options exercised	10	203,464	(97,765)	-	105,699
Stock options forfeited	10	-	(65,348)	-	(65,348)
Property option payments	10	83,700	-	-	83,700
Restricted share units issued	10	56,880	614,198	-	671,078
Share-based payments	10	-	796,186	-	796,186
Capitalized share-based payments	10	-	173,585	-	173,585
Flow-through share discount	10	(310,118)	-	-	(310,118)
Balance as at, September 30, 2022		45,728,783	15,772,067	(28,152,331)	33,348,519

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

CASSIAR GOLD CORP.
Consolidated Statements of Cash Flows
For the years ended September 30,

	2022 \$	2021 \$
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Net loss and comprehensive loss	(2,748,789)	(1,602,954)
Items not affecting cash:		
Share-based payments (Note 10)	1,401,916	616,167
Depreciation (Notes 5 and 7)	81,844	61,263
Flow-through share premium (Note 10)	(325,694)	(959,876)
Interest on lease liability	4,297	-
Accretion (Note 8)	26,549	28,532
Change in non-cash working capital:		
GST receivable	(263,264)	(40,074)
Prepays	(119,190)	36,318
Deposits	-	(24,500)
Trade and other payables	1,833,725	(125,357)
Net cash used in operating activities	(108,606)	(2,010,481)
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Proceeds from share and warrant issuance, net of costs (Note 10)	10,247,025	9,345,255
Proceeds from option exercises	105,699	-
Proceeds from warrant exercises (Note 10)	5,529,533	-
Lease payments	(32,292)	-
Net cash generated from financing activities	15,849,965	9,345,255
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Purchase of exploration and evaluation assets (Note 6)	(10,525,398)	(5,687,551)
Cash option payments (Note 6)	(100,000)	(136,000)
Net cash used in investing activities	(10,625,398)	(5,823,551)
INCREASE IN CASH FOR THE YEAR	5,115,961	1,511,223
CASH – BEGINNING OF YEAR	3,473,561	1,962,338
CASH – END OF YEAR	8,589,522	3,473,561

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. was incorporated under the *Business Corporations Act* (Alberta) on August 5, 2009 and changed its name to Cassiar Gold Corp. (the “Corporation” or “Cassiar”) on September 23, 2020. The Corporation currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols “GLDC” and “CGLCF” respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a mineral acquisition and exploration company focused on gold exploration within British Columbia.

On September 23, 2020, the Corporation’s Common Shares (“Common Shares”) were consolidated on a basis of one post-consolidated Common Share for every 5 pre-consolidated Common Share. The number of shares, options and warrants presented have been adjusted to reflect the impact of this share consolidation.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation incurred a net loss of \$2,748,789 (2021 - \$1,602,954) and had negative cash flows relating to operating activities of \$108,606 (2021 - \$2,010,481) for the year ended September 30, 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation’s ability to continue as a going concern. The continuation of the Corporation as a going concern is dependent on the ability of the Corporation to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or issuing debt.

The application of the going concern concept is dependent upon the Corporation’s ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Corporation has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

COVID-19 Public Health Crisis

The Corporation’s business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures and government enforced lockdowns, along with a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other restrictions pursuant to public health orders. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Corporation cannot estimate whether or to what extent this outbreak and its financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people. All of the foregoing may impact mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Corporation of COVID-19 and related public health orders may

2. GOING CONCERN (continued)

include but are not limited to the following: potential slowdowns or temporary suspensions of operations in locations impacted by an outbreak; interruptions to supply chains and supplies upon which the Corporation relies; restrictions that the Corporation and its contractors and subcontractors impose to ensure the safety of employees and others; increased labor costs; regulatory changes; political or economic instabilities; and civil unrest.

As of the date hereof, the British Columbia provincial government has designated businesses engaged in mineral exploration and development as an “essential service”. Provided the Corporation’s exploration activities continue to be so designated and the current availability of labor and supplies is not materially affected by new developments respecting COVID-19 or responses thereto, the Corporation expects that its personnel and/or consultants will be able to continue surveying and drilling activities respecting any exploration activities without significant delays or increases in cost.

The Corporation has and will continue to take measures recommended by Health Canada and applicable regulatory bodies, as appropriate. At this point, the extent to which COVID-19 will or may impact the Corporation is uncertain and these factors are beyond the Corporation’s control; however, it is possible that COVID-19 may have a material adverse effect on the Corporation’s business, results of operations and financial condition.

3. BASIS OF PREPARATION

(a) **Statement of compliance:** These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”) and the interpretations of the International Reporting Interpretations Committee (“IFRIC”) in effect on October 1, 2021.

These consolidated financial statements for year ended September 30, 2022 were authorized for issue in accordance with the resolution of the Board of Directors on January 16, 2023.

(b) **Basis of consolidation:** These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, Cassiar Gold (2020) Corp. (“Cassiar (2020)”) which is incorporated in British Columbia. The Corporation consolidates the subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

(c) **Basis of measurement:** These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments which are presented at fair value.

(d) **Functional and presentation currency:** These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s and its subsidiary functional and presentation currency.

(e) **Use of estimates and judgments:** The preparation of consolidated financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the statement of financial position and the reported amounts of expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the consolidated financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Adjustments are recorded in the current year as they become known.

Critical accounting estimates

Exploration and evaluation assets

The Corporation conducts impairment review of exploration and evaluation expenditures and equipment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Determining whether an asset is impaired requires an estimation on the recoverable amount.

3. BASIS OF PREPARATION (continued)

Share-based payments

The factors affecting share-based payments include estimates of when stock options might be exercised, forfeitures and the stock price volatility. The timing for exercise of options is out of the Corporation's control and will depend, among other things, upon a variety of factors including the market value of Corporation shares, whether a non-trading restriction has been imposed by the Corporation, and financial objectives of the holders of the options. The Corporation has used historical data to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain.

Asset retirement obligation ("ARO")

Provision on the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which affects the Corporation's liabilities and operating results.

Critical accounting judgments

Exploration and evaluation assets

The Corporation applies significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

CGU Determination

An impairment test requires the Corporation to determine the recoverable amount of an asset or group of assets. For non-current assets, including property and equipment and exploration and evaluation assets, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into a cash generating unit ("CGU") for impairment testing purposes. A CGU for impairment testing is typically considered to be an individual mine site or a development project.

Going concern

Going concern presentation of the financial statements assumes that the Corporation 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 as they come due. Refer to Note 2.

The Corporation has determined that it has two CGU's based on the projects as noted in Note 6.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) **Cash:**

Cash is comprised of cash on hand and cash held with banks.

(b) **Financial instruments:**

The Corporation recognizes financial assets and financial liabilities, including derivatives, on the statements of financial position when the Corporation becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the consolidated financial statements when the liability is extinguished either through settlement of, or release from, the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities incurred for the purposes of selling or repurchasing in the short-term liabilities, if they are held-for trading and those that meet the definition of a derivative.

Cash, trade and other payables are classified as assets or liabilities measures at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest ("SPPI") on the principal amount outstanding.

Fair value through profit or loss ("FVTPL")

All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, this includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Corporation may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(c) Exploration and evaluation expenditures

Mineral property acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Corporation acquires legal rights to explore a mineral property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. All other costs, including administrative overhead are expensed as incurred. Exploration and evaluation assets are not depreciated or depleted. If the properties enter the development phase, they will be reclassified from exploration and evaluation assets. At the production phase, depletion will commence using the units of production basis based upon proven reserves. If the properties are sold or abandoned, these expenditures will be written off.

Mineral interests are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. If the properties enter the development phase, the exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within the property and equipment.

Actual costs incurred upon settlement of decommissioning liabilities are charged against the provision to the extent the provision was established.

(d) Property and equipment:

Property and equipment include computer equipment, equipment and vehicles.

Computer equipment

Computer equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 45% per year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 20% per year.

Vehicles

Vehicles are carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 25% per year.

(e) Impairment of long-lived assets:

The Corporation assesses at each reporting date whether there are indications of impairment of the CGU it has identified. If indications of impairment exist, the Corporation estimates the asset's recoverable amount, which is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use.

Fair value less costs of disposal represent the value for which an asset could be sold in an arms length transaction and is presented as a function of the future cash flows of the proved and probable reserves. Value in use is estimated as the discounted present value of the future cash flows expected to arise from the continued use of the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the impairment loss is charged to the statement of net loss and comprehensive loss.

For impairment losses recognized in prior years, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment loss reversals are limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversals are recognized as an impairment recovery in the statement of net loss and comprehensive loss.

(f) Asset Retirement Obligation ("ARO")

Restoration provision is made for future obligations to retire long-lived assets which include dismantling, removing facilities and restoring the affected areas to normal operations. The provision for future restoration costs is the best estimate of the present value of the cash flows required to settle the restoration obligation at the reporting date. Upon initial recognition of the ARO liability, the amount is capitalized to the carrying value of the related asset and amortized as an expense over the economic life of the asset. The ARO liability increases in following periods as the accretion expenses are accounted for. The ARO is adjusted annually for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

(g) Finance income:

Interest income is recognized as it accrues in the statement of net loss and comprehensive loss, using the effective interest rate method.

(h) Taxes:

Tax expense comprises current and deferred tax. Tax expense 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 on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Loss per share:

Basic loss per share is calculated by dividing the profit or loss attributable to shareholders of the Corporation by the weighted average number of Common Shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effect of issued instruments such as options and warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase Common Shares at the average market price for the year. These instruments are not included in the per share calculation if the effect of their inclusion is antidilutive.

(j) Flow-through shares:

Expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the transfer of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed as eligible exploration expenditures are incurred and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the liability recognized on issuance.

(k) Share-based payment transactions:

The Corporation operates an equity-settled compensation plan under which it receives services from employees, directors, officers, and contractors as consideration for equity instruments of the Corporation.

The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Corporation incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Upon the exercise of options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(l) Leases

The Corporation assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Corporation assesses whether the customer has the following through the period of use:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

At the lease commencement date, the Corporation recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Corporation, and an estimate of the costs to be incurred by the Corporation in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Corporation measures right-of-use assets related to property and equipment by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The determination of the depreciation period is dependent on whether the Corporation expects that the ownership of the underlying asset will transfer to the Corporation by the end of the lease term or if the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option.

(m) **Share capital:**

The Corporation records proceeds from share issuances net of share issue costs. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to their residual value. The fair value of the warrant is determined using the Black-Scholes option pricing model. The residual value is attributed to the value of the shares. The residual value of the share component and warrant is credited to share capital. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized is recorded as an increase to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued. The Corporation may modify the terms of warrants originally granted. When modifications exist, the Corporation will maintain the original fair value of the warrant.

(n) **Share Unit Plan**

The Corporation has established an equity compensation plan (the "Share Unit Plan") providing for the issuance of restricted share units ("RSUs") and deferred share units ("DSUs"), which provides for the grant of RSUs to eligible employees and DSUs to eligible directors of the Corporation. The Share Unit Plan provides for settlement to eligible employees and directors through cash payment or the issuance of Common Shares. The form of settlement is at the option of the Corporation. The Corporation does not intend to make cash payments and there is no history of the Corporation making cash payments under the Share Unit Plan and, as such, the RSU's and DSUs are accounted for within shareholders' equity. These Common Shares would be issued from the same 10% rolling pool as the Common Shares issued under the Corporation's Share Option Plan. As these RSUs and DSUs are expected to be settled with equity, an amount equal to the stock-based compensation expense is initially credited to contributed surplus and transferred to share capital if and when the deferred share unit is redeemed. RSU's and DSUs vest 1/3 upon issuance and 1/3 on the first and second anniversaries of the date of grant.

5. PROPERTY AND EQUIPMENT

	Land \$	Buildings \$	Computers, Equipment & Vehicles \$	Total \$
Cost				
Balance as at September 30, 2020	-	-	260,286	260,286
Acquired on acquisition (Note 6)	28,993	380,706	-	409,699
Balance as at September 30, 2021 and 2022	28,993	380,706	260,286	669,985
Accumulated Depreciation				
Balance as at September 30, 2020	-	-	161,811	161,811
Charge for the year	-	38,071	23,192	61,263
Balance as at September 30, 2021	-	38,071	185,003	223,074
Charge for the year	-	34,264	17,631	51,895
Balance as at September 30, 2022	-	72,335	202,634	274,969
Net book value				
September 30, 2021	28,993	342,635	75,283	446,911
September 30, 2022	28,993	308,371	57,652	395,016

6. EXPLORATION AND EVALUATION ASSETS

	Cassiar Gold Project	Sheep Creek Gold District Project	Total
Balance at September 30, 2020	\$4,846,166	\$1,839,216	\$6,685,382
Cash option payments	-	136,000	136,000
Acquisition of assets	5,161,142	-	5,161,142
Exploration costs	5,557,861	3,130	5,560,991
Balance at September 30, 2021	\$15,565,169	\$1,978,346	\$17,543,515
Cash option payments	-	100,000	100,000
Share option payments	-	83,700	83,700
Change in estimate of asset retirement obligation	(248,725)	-	(248,725)
Exploration costs	10,673,203	25,780	10,698,983
Balance at September 30, 2022	\$25,989,647	\$2,187,826	\$28,177,473

Cassiar Gold Project

On March 25, 2019, the Corporation entered into an Option Agreement (the “Cassiar Gold Option Agreement”) with Wildsky Resources Inc. (“Wildsky”) for an option to acquire a 100% interest in the Cassiar Gold project (the “Cassiar Gold Project”) by way of an all-share agreement. In order to exercise the option, the Corporation had to issue 11,640,000 Common Shares over 18 months. Pursuant to the Cassiar Gold Option Agreement the Corporation must also undertake exploration on the Cassiar Gold property and had to satisfy certain other conditions as follows:

- (a) Cassiar will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (b) Six months after the transfer of the Common Shares, Wildsky will have the right to appoint one member to the board of directors of Cassiar;
- (c) Twelve months after the transfer of the Common Shares, Wildsky will have the right to appoint an additional person (for a total of two board members) to the board of directors of Cassiar;

6. EXPLORATION AND EVALUATION ASSETS (continued)

(d) Twelve months after the transfer of the Common Shares, Wildsky will have the right to appoint one person to the senior management team of Cassiar, on terms and conditions to be agreed upon by Cassiar and Wildsky, acting reasonably; and,

(e) Wildsky being granted a 30% net profit interest on all minerals processed from Cassiar's tailings pond located on the Cassiar Gold Project, after capital payout of up to \$500,000.

During the year ended September 30, 2021, the Corporation satisfied all the requirements outstanding to Wildsky and the 100% interest in the Cassiar Gold Project was fully acquired by the Corporation. The deemed value of the exercise of the option was \$3,259,200 in Common Shares. Liabilities assumed by the Corporation were \$2,666,584 and related to asset retirement obligation (Note 8).

Sheep Creek Gold District Project

The Sheep Creek Project consists of the Bayonne and Sheep Creek properties (collectively the "Sheep Creek Project"). On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd. for the acquisition of 100% of the Sheep Creek Project, located in Salmo, British Columbia (the "Bayonne and Sheep Creek Option Agreement").

Under the terms of the Bayonne and Sheep Creek Option Agreement and as amended on February 10, 2020, July 10, 2020, and February 15, 2021, the Corporation had the exclusive option to acquire:

- the Bayonne property, by making payments to Yellowstone Resources Ltd. of an aggregate \$154,000 cash and aggregate issuance of 182,727 shares, paid in several installments over three years. The Corporation has paid in full these amounts during the year ended September 30, 2022.
- the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate \$436,000 cash and aggregate issuance of 150,000 shares and 242,424 deferred payment shares, paid in several installments over five years.

During the year ended September 30, 2022 the Corporation paid \$100,000 (2021 - \$136,000) in cash and issued 90,000 shares (2021-nil) to satisfy the final payments under the Bayonne and Sheep Creek Option Agreement and acquired a 100% interest in the Sheep Creek Project.

7. RIGHT-OF-USE ASSETS

	Office \$
Cost	
Balance as at September 30, 2021 and 2020	-
Additions	179,691
Balance as at September 30, 2022	179,691
Accumulated Amortization	
Balance as at September 30, 2021 and 2020	-
Charge for the year	29,949
Balance as at September 30, 2022	29,949
Net book value	
September 30, 2021	-
September 30, 2022	149,742

8. ASSET RETIREMENT OBLIGATION (“ARO”)

Cassiar (2020) has future obligations relating to retiring its exploration and evaluation assets at the Cassiar Gold Project including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

Balance at September 30, 2020	-
Acquired on acquisition	\$ 2,666,584
Accretion expense	28,532
Change in estimate	(213,884)
Balance at September 30, 2021	\$ 2,481,232
Accretion Expense	26,549
Change in estimate	(248,725)
Balance at September 30, 2022	\$ 2,259,056

The total undiscounted cash flow estimated to settle the obligations as at September 30, 2022 was \$2,259,056 (2021 – \$2,481,232) which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 3.03% (2021 - 1.07%). Significant reclamation costs are expected to be incurred in 2029.

As at September 30, 2022, the Corporation had \$418,944 (2021 - \$418,944) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. \$354,944 of reclamation bonds were acquired pursuant to the acquisition of Cassiar (2020).

9. LEASE OBLIGATION

	Office \$
Carrying Value	
Balance as at September 30, 2021 and 2020	-
Additions	179,691
Interest	4,297
Repayments	(32,292)
Balance at September 30, 2022	151,696
Short term lease obligations	88,589
Long term lease obligations	63,107

The Corporation’s lease relates to the corporation’s office. A discount rate of 8.00% was used to determine the present value of the lease obligations.

10. SHARE CAPITAL, WARRANT RESERVE, STOCK OPTIONS, RSUs and DSUs

Authorized

Unlimited number of Common Shares.

The Common Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Common Shares		
	Number of Common Shares	Share capital
Balance at September 30, 2020	40,153,520	\$16,525,261
Shares issued (b)(c)	15,370,247	10,151,553
Share option payments (a)	4,656,000	3,259,200
Share issue costs		(806,298)
Warrant allocation		(3,157,092)
Flow through share discount		(1,072,781)
Balance at September 30, 2021	60,179,767	\$24,899,843
Shares issued (bb)(ff)(gg)	12,250,282	11,079,040
Warrant Exercises (d)(e)(f)(g)(h)(i)(k)(l)(m)(n)(p)(q)(r)(s)(u)(v)(x)(y)(z)(cc)(dd)(ee)	8,787,722	8,480,239
Option Exercises (j)(t)(w)	183,332	203,464
Share option payments (o)	90,000	83,700
RSU Issuances (aa)	72,000	56,880
Share issue costs		(832,015)
Warrant allocation		(1,690,952)
Flow through share discount		(310,118)
Balance at September 30, 2022	81,563,103	\$41,970,081
Warrants		
	Number of warrants	Share capital
Balance at September 30, 2020	19,468,149	\$5,815,846
Warrants issued (b)(c)	10,601,790	3,157,092
Warrants expired	(5,267,118)	(950,933)
Balance at September 30, 2021	24,802,821	\$8,022,005
Warrants issued (bb)(dd)(ee)	6,125,141	1,690,952
Warrants exercised (d)(e)(f)(g)(h)(i)(k)(l)(m)(n)(p)(q)(r)(s)(u)(v)(x)(y)(z)(cc) (dd)(ee)	(8,159,574)	(2,950,706)
Warrants expired	(7,404,431)	(3,003,549)
Balance at September 30, 2022	15,363,957	\$3,758,702
Total share capital at September 30, 2021		\$32,921,848
Total share capital at September 30, 2022		\$45,728,783

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

- (a) On October 1, 2020, the Corporation issued an aggregate of 4,656,000 Common Shares valued at a market close price of \$0.70 per share satisfying the fourth and last tranche issuable under the Cassiar Option Agreement.
- (b) On October 30, 2020, the Corporation closed on a non-brokered private placement of 3,252,867 units of the Corporation at a purchase price of \$0.60 per unit, 3,775,715 flow-through units at a purchase price of \$0.70 per unit, and 2,508,333 charitable flow-through units a purchase price of \$0.82 per unit, for total proceeds of \$6,651,553. Each unit consists of one Common Share and one-half of one common share purchase warrant of the Corporation. Each flow-through unit and charitable flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one-half of one flow-through purchase warrant. Each whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.90 per Warrant Share for a period of two years from October 30, 2020.

Risk-free rate	0.24%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	168%
Weighted-average fair value	\$0.45
Expected Life	2 years

- (c) On August 13, 2021, the Corporation closed on a non-brokered private placement of 520,972 flow-through units at a purchase price of \$0.60 per unit, and 5,312,360 charitable flow-through units a purchase price of \$0.60 per unit, for total proceeds of \$3,500,000. Each flow-through unit and charitable flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one flow-through purchase warrant. Each whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.675 per Warrant Share for a period of two years from August 13, 2021.

Risk-free rate	0.45%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	108%
Weighted-average fair value	\$0.18
Expected Life	2 years

- (d) On November 22, 2021, 36,000 common share purchase warrants ("Warrants") were exercised at a price of \$0.60. The Corporation received proceeds of \$21,600 and issued 36,000 Common Shares.
- (e) On November 29, 2021, 260,000 Warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$156,000 and issued 260,000 Common Shares.
- (f) On December 9, 2021, 400,000 Warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$240,000 and issued 400,000 Common Shares.
- (g) On December 17, 2021, 106,500 Warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$63,900 and issued 106,500 Common Shares.
- (h) On December 20, 2021, 111,111 Warrants were exercised at a price of \$0.75 and 522,000 Warrants were exercised at a price of \$0.85. The Corporation received aggregate proceeds of \$527,033 and issued 633,111 Common Shares.
- (i) On December 29, 2021, 756,857 Warrants were exercised at a price of \$0.60 and 83,333 Warrants were exercised at a price of \$0.675. The Corporation received aggregate proceeds of \$510,364 and issued 840,190 Common Shares.
- (j) On January 6, 2022, 100,000 stock options that were issued on June 24, 2019 were exercised at a price of \$0.50 which. The Corporation received proceeds of \$50,000 and issued 100,000 Common Shares.
- (k) On January 10, 2022, 388,283 Warrants were exercised at a price of \$0.60 and 150,000 Warrants were exercised at a price of \$0.70. The Corporation received aggregate proceeds of \$337,970 and issued 538,283 Common Shares.

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

- (l) On January 19, 2022, 493,158 Warrants were exercised at a price of \$0.60 and 29,166 Warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$322,144 and issued 522,324 Common Shares.
- (m) On January 21, 2022, 236,000 Warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$141,600 and issued 236,000 Common Shares.
- (n) On February 3, 2022, 150,000 Warrants were exercised at a price of \$0.60 and 7,142 Warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$96,428 and issued 157,142 Common Shares.
- (o) On February 4, 2022, the Corporation issued 90,000 Common Shares at a price of \$0.93 as per the Bayonne and Sheep Creek Option Agreement.
- (p) On February 22, 2022, 320,000 Warrants were exercised at a price of \$0.60, 400,000 Warrants were exercised at a price of \$0.675, 243,888 Warrants were exercised at a price of \$0.70 and 20,833 Warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$651,471 and issued 984,721 Common Shares.
- (q) On March 16, 2022, 24,328 Warrants were exercised at a price of \$0.60, 1,333 Warrants were exercised at a price of \$0.70 and 372,500 Warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$350,780 and issued 398,161 Common Shares.
- (r) On March 23, 2022, 70,000 Warrants were exercised at a price of \$0.60. The Corporation received proceeds of \$42,000 and issued 70,000 Common Shares.
- (s) On March 29, 2022, 586,429 Warrants were exercised at a price of \$0.60 and 141,666 Warrants were exercised at a price of \$0.70. The Corporation received aggregate proceeds of \$451,024 and issued 728,095 Common Shares.
- (t) On April 11, 2022, 30,000 stock options that were issued on November 15, 2021 were exercised. The Corporation issued 30,000 Common Shares and received proceeds of \$23,700.
- (u) On April 12, 2022, 399,657 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$239,794 and issued 399,657 Common Shares.
- (v) On April 19, 2022, 454,857 Warrants were exercised at a price of \$0.60, 100,000 Warrants were exercised at a price of \$0.675 and 16,666 Warrants were exercised at a price of \$0.90. The Corporation received aggregate proceeds of \$355,414 and issued 571,523 Common Shares.
- (w) On April 19, 2022, 53,332 stock options that were issued on March 22, 2021 were exercised. The Corporation issued 53,332 Common Shares and received proceeds of \$31,999.
- (x) On May 5, 2022, 200,000 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$120,000 and issued 200,000 Common Shares.
- (y) On May 12, 2022, 271,400 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$162,840 and issued 271,400 Common Shares.
- (z) On May 18, 2022, 400,594 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$240,356 and issued 400,594 Common Shares.
- (aa) On June 6, 2022, 72,000 restricted shares units were settled by issuing Common Shares valued at a market price of \$0.69.

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

(bb) On June 8, 2022, the Corporation closed a bought deal offering of flow-through units (“FT Units”) of the Corporation by issuing 8,346,142 FT Units at a price of \$1.00 per FT Unit for gross proceeds of \$8,346,142 (including the partial exercise of the Underwriters’ over-allotment option). Each FT Unit consists of one Common Share issued on a “CEE flow-through” basis pursuant to the *Income Tax Act* (Canada) and one-half of one Warrant. Each whole Warrant will be exercisable by the holder to acquire one Common Share at a price of \$1.05 for a period of 24 months following the date closing date. The securities are subject to a four-month hold period under applicable securities laws.

The offering was completed by way of short form prospectus. In connection with the offering, the underwriters were paid a cash commission of \$490,354 and were issued 490,354 non-transferable brokers warrants. Each broker warrant is exercisable to acquire one Common Share at an exercise price of \$1.00 per broker warrant share for a period of 24 months from the date of issue.

A fair value of \$1,096,862 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk-free rate	3.14%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	88%
Weighted-average fair value	\$0.26
Expected Life	2 year

(cc) On June 23, 2022, 333,333 Warrants were exercised at a price of \$0.675. The Corporation received aggregate proceeds of \$225,000 and issued 333,333 Common Shares.

(dd) On July 8 2022, 586,403 Warrants were exercised at a price of \$0.35. The Corporation received aggregate proceeds of \$205,241 and issued 586,403 Common Shares.

(ee) On July 13, 2022, 114,285 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$68,571 and issued 114,285 Common Shares.

(ff) On July 28, 2022, the Corporation closed on a non-brokered private placement of 1,163,570 FT Units at a purchase price of \$0.70 per unit for total proceeds of \$814,499. Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one-half of one flow-through purchase warrant. Each whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.90 per Warrant Share for a period of two years from July 28, 2022.

Risk-free rate	3.08%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	85%
Weighted-average fair value	\$0.29
Expected Life	2 years

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

(gg) On August 4, 2022, the Corporation closed on a non-brokered private placement of 2,740,570 FT Units at a purchase price of \$0.70 per unit for total proceeds of \$1,918,399. Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one-half of one flow-through purchase warrant. Each whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.90 per Warrant Share for a period of two years from August 4, 2022.

Risk-free rate	3.64%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	85%
Weighted-average fair value	\$0.31
Expected Life	2 years

Flow-through shares

During the year ended September 30, 2022, the Corporation raised \$11,079,040 (2021 - \$8,199,833) on a CEE flow-through share basis and was required to incur a net total of \$11,079,040 (2021 - \$8,199,833) of qualifying expenditures to renounce the tax deductions to investors. The Corporation still needs to incur an additional \$5,488,464 (2021 - \$2,879,662) to meet its flow through share commitment. A flow-through share premium liability of \$102,389 (2021 - \$117,965) was recognized as the Corporation has yet to incur sufficient qualifying expenditures as at September 30, 2022. The flow-through share premium of \$325,694 (2021 - \$959,876) was recognized during the year.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for the period of up to ten (10) years. In addition, the number of Common Shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares. The Board of Directors determines the price per common share and the number of Common Shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Exercisable as at September 30, 2020	1,393,657	\$0.91
Outstanding at September 30, 2020	2,402,001	\$0.82
Granted	1,914,000	\$0.60
Forfeited	(123,334)	\$0.86
Cancelled	(36,667)	\$0.61
Exercisable as at September 30, 2021	2,496,657	\$0.77
Outstanding at September 30, 2021	4,156,000	\$0.71
Granted	2,580,000	\$0.69
Forfeited	(150,000)	\$0.68
Cancelled	(309,000)	\$1.42
Exercised	(183,332)	\$0.58
Exercisable as at September 30, 2022	3,912,325	\$0.68
Outstanding at September 30, 2022	6,093,668	\$0.67

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

At September 30, 2022, the weighted-average life of the options outstanding was 3.7 years (2021 – 2.1 years).

The fair value of options is estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

	2022	2021
Risk-free interest rate	1.48% to 3.38%	0.84% to 0.90%
Expected stock price volatility*	132% to 134%	133% to 143%
Expected life	5 years	5 years
Expected dividend yield	-	-
Fair value per option granted	\$0.58-\$0.68	\$0.39
Forfeiture rate	12%	12%

*Volatility is calculated using historical share price data.

On January 6, 2022 the Corporation received an exercise notice for 100,000 stock options that were issued with on June 24, 2019. The Corporation issued 100,000 Common Shares and received proceeds of \$50,000.

On April 11, 2022 the Corporation received an exercise notice for 30,000 stock options that were issued with on November 15, 2021. The Corporation issued 4,000 Common Shares and received proceeds of \$23,700.

On April 19, 2022 the Corporation received an exercise notice for 53,332 stock options that were issued with on March 22, 2021. The Corporation issued 53,332 Common Shares and received proceeds of \$31,999.

During the year ended September 30, 2022, 147,000 (2020 – nil) options expired unexercised.

Total share-based payments of \$904,423 for the year ended September 30, 2022 (2021 – \$697,992) was recognized based on the estimated fair value of the options on the grant date using the Black-Scholes option pricing model. Of the total share-based payments, \$173,585 (2021 - \$81,825) were capitalized to E&E. The Corporation also recognized a reversal of expense of \$65,348 (2021 - \$27,862) in share-based payments expense due to forfeited options during the year.

Share unit plan

The Corporation has established a deferred share unit and restricted share unit plan (the "Unit Plan"), which provides for the grant of DSUs and RSUs to eligible directors, officers, employees, advisors and consultants of the Company. The Unit Plan provides for settlement through cash payment or the issuance of common shares. The form of settlement is at the option of the Corporation. The Corporation does not intend to make cash payments and there is no history of the Company making cash payments under the Unit plan and, as such, the PSUs and RSUs are accounted for within shareholders' equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Corporation's Deferred Share Unit Plan and the Company's Share Option Plan. As DSUs and RSUs are expected to be settled with equity, an amount equal to compensation expense is initially credited to contributed surplus, recognized over the term of the vesting period, and transferred to share capital if and when the units are exercised. RSUs vest in three tranches, with all RSUs vesting no later than the second anniversary from the date of grant.

The Corporation has adopted its Share Unit Plan which received shareholder approval on March 16, 2022.

On November 15, 2021 the Corporation granted 216,000 RSUs and 394,000 DSUs, to directors, officers, employees, advisors and consultants.

On June 6, 2022, 72,000 restricted shares units were settled by issuing Common Shares valued at a market price of \$0.69.

On September 13, 2022 the Corporation granted 924,000 RSUs and 350,000 DSUs, to directors, officers, employees, advisors and consultants.

10. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

DSU and RSU movements during the year ended September 30 are as follows:

	Number of RSUs
Outstanding at September 30, 2020 and 2021	-
Granted	1,140,000
Exercised	(72,000)
Exercisable as at September 30,2022	1,068,000

	Number of DSUs
Outstanding at September 30, 2020 and 2021	-
Granted	744,000
Exercisable as at September 30,2022	744,000

Total share-based payments of \$671,078 for the year ended September 30, 2022 (2021 – \$nil) was recognized based on the estimated fair value of the options of \$0.66 and \$0.79.

11. CAPITAL DISCLOSURES

The Corporation considers its capital to include shareholders' equity. The objectives of the Corporation are to attain a strong financial position from which the Corporation will be able to exhibit continued growth and obtain access to capital. The Corporation has no externally imposed restrictions.

The Corporation manages its capital structure and adjusts in light of changes in economic conditions and risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Corporation may from time to time, issue shares, obtain debt financing, or adjust capital spending.

12. FAIR VALUE

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash, trade and other payables and note payable approximate their fair values due to their short terms to maturity.

13. FINANCIAL INSTRUMENTS

The Corporation is exposed to financial risks from normal course business exposures, as well as from the Corporation's use of financial instruments. These risk factors include market risk, liquidity risk, and credit risk.

(a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include commodity price risk, interest rate risk and foreign exchange risk.

13. FINANCIAL INSTRUMENTS (continued)

(i) Commodity price risk

The Corporation may employ the use of various financial instruments in the future to manage price exposure; the Corporation is not currently using any such instruments. The Corporation currently has not obtained any hedging instruments.

(ii) Interest rate risk

Interest rate risk is the risk of exposure to changes in market interest rates affecting future cash flows. The Corporation is not exposed to significant interest rate risk.

(iii) Foreign exchange risk

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Corporation is not exposed to significant foreign exchange risk given it has no financial instruments denominated in a foreign currency.

(b) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation may need to obtain additional sources of cash resources to execute future exploration programs and believes that it has access to sufficient capital through potential external equity sources to meet projected expenditures.

(c) **Credit risk**

Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and is subject to normal credit risks. Credit risk associated with cash is minimal as the Corporation deposits its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

14. GENERAL AND ADMINISTRATIVE

General and administrative details for the year ended September 30:

	2022	2021
Management Fees	\$ 578,973	\$ 419,908
Consulting	96,000	384,675
Travel and Meals	108,769	14,079
Office and Administrative	145,466	69,342
Marketing	300,745	781,178
Professional Fees	334,288	167,223
Total	\$ 1,564,241	\$ 1,836,405

15. RELATED PARTY TRANSACTIONS

All related party transactions are in the normal course of operations and initially recorded at fair value.

As at September 30, 2022, the Corporation had an amount of \$15,804 (2021 - \$36,154) due to directors and officers included in trade and other payables.

During the year ended September 30, 2021, the Corporation paid \$260,693 (2021 - \$199,680) to an officer for compensation as Vice President Exploration of the Corporation. Costs associated with exploration costs of \$nil (2021 - \$23,348) was paid to an officer of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost.

An aggregate of \$144,000 (2021 - \$121,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$nil (2021 - \$45,000) in consulting fees were paid to a company owned by an officer of the Corporation for compensation President of the Corporation.

15. RELATED PARTY TRANSACTIONS (continued)

An aggregate of \$256,250 (2020 – \$216,000) in consulting fees were paid to a company owned by a director and officer of the Corporation for compensation as CEO.

An aggregate of \$187,244 (2021 – \$12,408) was paid to an officer of the Corporation for compensation as Vice President Investor Relations. Costs associated with various administrative support costs of \$6,067 (2021 - \$19,213) was also reimbursed to a director and officer of the Corporation and was recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

Costs associated with general and administrative costs of \$21,922 (2021 - \$nil) was reimbursed to a director of the Corporation.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2022 (\$)	September 30, 2021 (\$)
Management fees	848,188	594,588
Share-based payments	892,733	616,167
Capitalized share-based payments	173,585	81,825
Total	1,914,506	1,292,580

16. INCOME TAXES

The reconciliation of the expected tax expense calculated by applying the combined Federal and Provincial corporate income tax rates to the tax provision for the year is a result of the following items:

	September 30,	
	2022	2021
Computed “expected” tax at 23.00% (2021 – 23%)	(632,222)	(368,679)
Increase (decrease) resulting from:		
Share-based payments	322,441	141,718
Non-deductible expenses	198,148	221,957
Flow-through share renunciation	2,460,654	1,245,373
Share issuance costs	(191,363)	(185,449)
Acquisition of Cassiar (2020)	-	670,121
Change in deferred tax asset not being recognized	(2,157,657)	(1,725,041)
	<u>\$ -</u>	<u>\$ -</u>

The components in deferred tax assets and liabilities for the year ended September 30, 2022 and 2021 are as follows:

	September 30,	
	2022	2021
Property and equipment and exploration and evaluation assets	(1,671,483)	-
Non-capital losses	1,671,483	-
Deferred tax liability	<u>\$-</u>	<u>\$-</u>

16. INCOME TAXES (continued)

Details of the unrecognized deductible temporary differences are as follows:

	September 30,	
	2022	2021
Property and equipment and exploration and evaluation assets	-	1,415,384
Share issue costs	1,292,635	906,677
Non-capital losses	15,137,419	21,007,882
Asset retirement obligation	-	2,481,230

At this stage of the Corporation's development, it cannot be reasonably estimated that there will be future taxable profits, accordingly there were no deferred income tax assets recognized.

As at September 30, 2022, the Corporation has Canadian federal and provincial non-capital losses carried forward of \$22,554,480 (2021 - \$21,007,882). These Canadian losses expire between 2031 and 2041:

2031	\$7,723
2032	\$504,260
2033	\$1,320,335
2034	\$727,704
2035	\$949,445
2036	\$858,210
2037	\$1,220,464
2038	\$2,766,595
2039	\$1,005,280
2040	\$1,062,130
2041	\$1,732,824
2042	\$8,852,912
2043	\$1,546,589

17. SUBSEQUENT EVENTS

On October 4, 2022, Kevin Chen, CPA, CMA, MBA was appointed as Chief Financial Officer of the Corporation. Don Nguyen resigned as Chief Financial Officer and Shirley Anthony resigned as VP Investor Relations and Communications

On October 19, 2022, the Corporation paid a \$500,000 reclamation bond payment related to the Table Mountain Gold Mine.

On October 30, 2022, 555,275 Warrants were exercised at a price of \$0.60. The Corporation received aggregate proceeds of \$333,165 and issued 555,275 Common Shares and 4,570,488 Warrants expired unexercised.

On November 24, 2022, 100,000 stock options were exercised at a price of \$0.45. The Corporation received aggregate proceeds of \$45,000 and issued 100,000 Common Shares.