KLONDIKE GOLD CORP.

Condensed Interim Financial Statements

Three and Six Months Ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Klondike Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of the condensed interim financial statements.

KLONDIKE GOLD CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

		August 31, 2023		February 28, 2023
Assets				
Current assets				
Cash	**$**	**1,110,503**	$	115,785
Restricted cash (Note 4)		**69,000**		69,000
Amounts receivable		**45,483**		151,447
Prepaid expenses and deposits		**93,055**		16,330
Total current assets		**1,318,041**		352,562
Investments (Note 5)		**142,096**		4,500
Reclamation bond		**3,500**		3,500
Property and equipment (Note 6)		**365,374**		436,488
Exploration and evaluation assets (Note 7)		**29,761,271**		28,624,402
Total assets	**$**	**31,590,282**	$	29,421,452
Liabilities				
Current liabilities				
Trade and other payables (Note 9)	**$**	**535,353**	$	205,614
Lease liability (Note 8)		**154,141**		148,030
Flow-through premium (Note 10)		**48,340**		-
Total current liabilities		**737,834**		353,644
Long-term lease liability (Note 8)		**81,532**		160,460
Total liabilities		**819,366**		514,104
Equity				
Share capital (Note 10)		**87,843,541**		85,571,442
Reserves (Note 10)		**7,155,285**		7,111,185
Deficit		**(64,227,910)**		(63,775,279)
Total equity		**30,770,916**		28,907,348
Total liabilities and equity	**$**	**31,590,282**	$	29,421,452

Nature of operations and going concern (Note 1)
Subsequent events (Notes 5,10)

Approved by the Board of Directors and authorized for issue on October 26, 2023:

/s/ Peter Tallman Director

/s/ Gordon Keep Director

The accompanying notes are an integral part of these financial statements

KLONDIKE GOLD CORP.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended August 31, 2023	Three months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2022
Expenses				
Consulting (Note 9)	**$ 48,158**	$ 63,472	**$ 103,315**	$ 123,792
Depreciation (Note 6)	**35,557**	35,557	**71,114**	71,114
Management fees and wages (Note 9)	**6,341**	124,261	**168,096**	215,554
Marketing	**65,486**	7,648	**155,954**	25,382
Office and miscellaneous (Note 8)	**5,456**	29,181	**8,354**	42,546
Professional fees	**1,269**	11,479	**23,519**	19,036
Regulatory and transfer agent	**10,011**	14,823	**24,134**	20,166
Travel	**10,036**	1,269	**10,036**	2,539
	(182,314)	(287,690)	**(564,522)**	(520,129)
Finance expense (Note 8)	**(4,227)**	(6,297)	**(9,045)**	(13,141)
Interest income	**21,338**	9,048	**31,083**	15,530
Other income - flow-through (Note 10)	**80,885**	160,101	**92,253**	212,144
Unrealized gain (loss) on marketable securities (Note 5)	**(150)**	(1,050)	**(2,400)**	(3,450)
Loss and comprehensive loss	**(84,468)**	(125,888)	**(452,631)**	(309,046)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	**180,123,248**	152,079,042	**172,642,450**	152,079,042

The accompanying notes are an integral part of these financial statements

KLONDIKE GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)
(Unaudited)

					Reserves							
	Shares issued		Share capital		Share premium		Share-based payments		Deficit		Total equity
At February 28, 2022	152,079,042	$	85,124,258	$	27,405	$	6,835,965	$	(62,745,451)	$	29,242,177
Loss and comprehensive loss	-		-		-		-		(309,046)		(309,046)
At August 31, 2022	152,079,042	$	85,124,258	$	27,405	$	6,835,965	$	(63,054,497)	$	28,933,131
At February 28, 2023	156,520,042	$	85,571,442	$	27,405	$	7,083,780	$	(63,775,279)	$	28,907,348
Private placement	9,543,858		1,002,105		-		-		-		1,002,105
Private placement - flow-through	14,059,348		1,616,825		-		-		-		1,616,825
Flow-through premium	-		(140,593)		-		-		-		(140,593)
Share issuance costs	-		(206,238)		-		44,100		-		(162,138)
Loss and comprehensive loss	-		-		-		-		(452,631)		(452,631)
At August 31, 2023	180,123,248	$	87,843,541	$	27,405	$	7,127,880	$	(64,227,910)	$	30,770,916

The accompanying notes are an integral part of these financial statements

KLONDIKE GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited)

	Six months ended August 31, **2023**	2022
Operating activities		
Loss	**$ (452,631)**	$ (309,046)
Items not involving cash:		
Depreciation	**71,114**	71,114
Finance expense	**9,045**	13,141
Other income - flow-through	**(92,253)**	(212,144)
Unrealized loss (gain) on marketable securities	**2,400**	3,450
Changes in non-cash working capital items:		
Amounts receivable	**(26,270)**	(19,475)
Prepaid expenses and deposits	**(76,725)**	67,858
Trade and other payables	**(37,217)**	35,636
	(602,537)	(375,716)
Financing activities		
Proceeds on issuance of common shares, net of share issuance costs	**2,456,792**	-
Lease payments	**(81,862)**	(80,644)
	2,374,930	(80,644)
Investing activities		
Exploration and evaluation asset expenditures	**(777,675)**	(1,513,361)
Restricted cash	**-**	50,961
	(777,675)	(1,462,401)
Change in cash	**994,718**	(1,918,761)
Cash, beginning	**115,785**	2,670,335
Cash, end	**$ 1,110,503**	$ 751,574
Non-cash financing and investing activities		
Exploration costs incurred through trade and other payables	**$ 464,453**	$ 252,644

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a Vancouver-based resource exploration company listed on the TSX Venture Exchange under the symbol “KG”. The Company was incorporated on August 23, 1978, under the laws of the Province of British Columbia, Canada. The Company’s head office is located at Suite 3123 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J1, and the Company’s registered and records office is located at Suite 2500 - 700 West Georgia St., Vancouver, British Columbia, V6Y 1B3.

The financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2023, the Company had working capital of $580,207 (February 28, 2023 - working capital deficit of $1,082) and cash of $1,110,503 (February 28, 2023 - $115,785). As at and for the six months ended August 31, 2023, the Company reported loss and comprehensive loss of $452,631 (2022 - $309,046), and had an accumulated deficit of $64,227,910 at that date (February 28, 2023 - $63,775,279). Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The material uncertainty of the Company’s success in raising additional capital funding casts significant doubt on the Company’s ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting and, except as described below, they follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. Accordingly, they should be read in conjunction with the Company’s most recent annual financial statements.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign Currencies

The presentation and functional currency of the Company is the Canadian dollar. All financial information is presented in Canadian dollars unless otherwise noted and all financial information has been rounded to the nearest dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

Financial assets and financial liabilities are classified into three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss (“FVTPL”). The classification of financial assets is determined by their context in the Company’s business model and by the characteristics of the financial asset’s contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument’s classification.

Cash, restricted cash, amounts receivable, reclamation bond, trade and other payables and lease are classified as and measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method. Investments are classified as and measured at FVTPL.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

b) Share Capital

i) Valuation of equity units issued in private placements

Proceeds from unit placements are allocated between common shares and warrants using the residual value method, which allocates value first to the fair value of the common shares and the balance, if any, is allocated to the attached warrants. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

ii) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Where the flow-through common share is issued as part of a unit, the value is first allocated between the unit and the flow-through premium, and then bifurcated between the common share and the warrant on a residual value basis.

As qualified expenses are incurred the Company relieves the liability and recognizes the premium in profit or loss as other income.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the look-back rule, in accordance with Government of Canada flow-through regulations.

iii) Share-based payments

The Company's Stock Option Plan (Note 10 (d)) allows employees and consultants to acquire shares of the Company. The fair value of stock options granted is recognized as share-based compensation expense with a corresponding increase in reserves within equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the stock options vest. The fair value of the stock options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the stock options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

iv) Share issuance costs

Costs directly identifiable with the raising of equity are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred financing costs. Share issuance costs related to uncompleted share subscriptions are charged to profit or loss.

(Expressed in Canadian dollars)

c) Accounting Standards, Amendments and Interpretations Not Yet Adopted

Accounting standards and amendments to existing accounting standards that have been issued and have future effective dates that are not applicable or are not expected to have a significant impact on the Company's financial statements.

4. RESTRICTED CASH

The Company maintains one-year term deposits as collateral for the credit cards, which automatically renew at maturity, of $69,000 as at August 31, 2023 (February 28, 2023 - $69,000). The Company has the ability to cancel its credit cards and receive the term deposits in full at any time.

5. INVESTMENTS

As at August 31, 2023, Technic Inc Canada ("Technic") holds, on behalf of the Company, physical 53.1 ounces of gold and 11 ounces of silver received as royalty payments with a total value of $139,996 (February 28, 2023 - $132,233) (Note 7). Subsequent to August 31, 2023, Technic sold these holdings on behalf of the Company for net proceeds of $136,590.

During the year ended August 31, 2021, the Company received 1,000,000 common shares and 1,000,000 warrants from Ximen Mining Corp. ("Ximen"), exercisable at $0.45 per common share until March 5, 2022. During the year ended February 28, 2023, the 1,000,000 Ximen warrants expired. The fair value of the shares remaining as at August 31, 2023, was $2,100 (February 28, 2023 - $4,500):

	As at August 31, 2023		As at February 28, 2023	
	Number of shares	**Fair Value**	Number of shares	Fair Value
Ximen Mining Corp. shares	**30,000**	**$ 2,100**	30,000	$ 4,500

Subsequent to August 31, 2023, the Company sold the remaining 30,000 shares for net proceeds of $2,049.

6. PROPERTY AND EQUIPMENT

	Vehicles	Building	Right-of-use asset	Total
Cost				
Balance February 28, 2022, February 28, 2023, and August 31, 2023	$ 53,800	$ 380,000	$ 739,400	$ 1,173,200
Accumulated depreciation				
Balance, February 28, 2022	$ 53,800	$ 171,000	$ 369,684	$ 594,484
Depreciation	-	19,000	123,228	142,228
Balance February 28, 2023	53,800	190,000	492,912	736,712
Depreciation	-	9,500	61,614	71,114
Balance August 31, 2023	$ 53,800	$ 199,500	$ 554,526	$ 807,826
Carrying amount				
Balance, February 28, 2023	$ -	$ 190,000	$ 246,488	$ 436,488
Balance August 31, 2023	$ -	$ 180,500	$ 184,874	$ 365,374

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	Placer Claims	Quartz Claims	Total
	$	$	$
Acquisition costs:			
Balance February 28, 2023 and August 31, 2023	1,167,436	4,995,243	6,162,679
Exploration costs:			
Balance, February 28, 2023	77,120	23,260,171	23,337,291
Camp supplies	-	33,119	33,119
Consulting & wages	-	431,197	431,197
Drilling	-	436,182	436,182
Fuel	-	65,372	65,372
Lab analysis	-	10,926	10,926
Property maintenance	-	70,788	70,788
Surveying	-	68,730	68,730
Travel	-	28,318	28,318
Balance August 31, 2023	77,120	24,404,803	24,481,923
Royalty payments:			
Balance August 31, 2023	(883,331)	-	(883,331)
Total costs:			
Balance August 31, 2023	361,225	29,400,046	29,761,271

	Placer Claims	Quartz Claims	Total
	$	$	$
Acquisition costs:			
Balance, February 28, 2022	1,167,436	4,885,243	6,052,679
Acquisition of C2C claims	-	110,000	110,000
Balance, February 28, 2023	1,167,436	4,995,243	6,162,679
Exploration costs:			
Balance, February 28, 2022	77,120	21,016,934	21,094,054
Camp supplies	-	74,505	74,505
Consulting & wages	-	610,871	610,871
Drilling	-	896,737	896,737
Fuel	-	113,089	113,089
Lab analysis	-	309,908	309,908
Property maintenance	-	67,771	67,771
Surveying	-	107,936	107,936
Travel	-	62,420	62,420
Balance, February 28, 2023	77,120	23,260,171	23,337,291
Royalty payments:			
Balance, February 28, 2023	(875,568)	-	(875,568)
Total costs:			
Balance, February 28, 2023	368,988	28,255,414	28,624,402

a) Yukon Quartz and Placer Claims

The Company holds a 100% beneficial interest in a group of quartz claims, crown grants and placer claims located between Eldorado Creek and Upper Bonanza Creek, Dawson Mining Division, Yukon Territory.

These claims include a large contiguous group of claims acquired by staking and option agreements, which include both the quartz and placer claims, which the Company considers to be one cash-generating unit.

Acquisition of C2C claims

During fiscal 2023, the Company entered into a property acquisition agreement with C2C Gold Corp. (“C2C”) for the purchase by the Company of a 100% interest in C2C’s mining claims located in the Dawson mining district, Yukon Territory, for consideration of 1,000,000 common shares of the Company with a value of $110,000. The Company has also granted a 1% net smelter returns (“NSR”) royalty to the vendor in respect of the C2C claims, of which the Company may purchase one-half of the NSR royalty (being a 0.5% NSR royalty) for $500,000 cash at any time. The claims each have underlying 2% NSR royalty obligations where the Company has the right to purchase one-half (being 1% of each NSR royalty) for $1,000,000 cash and has a right of first refusal to purchase the remaining 1% NSR royalty.

Assignment of Lease on Upper Eldorado Creek Property

In September 2019, the Company entered into a lease agreement with Dulac Mining Ltd (“Dulac Mining”) whereby the Company assigns to Dulac Mining the rights and permits to placer mine on the Upper Eldorado Creek property, contained wholly within the Company’s Klondike District Property, Yukon Territory. Under the terms of the lease agreement, the Company will receive from Dulac Mining a direct 10% gold production royalty from mining on the placer property payable in raw gold. The lease agreement is for a term of 3 years, expiring July 2022, and is renewable thereafter subject to approval by both parties. As at August 31, 2023, the Company has received $142,319 in royalty payments (Note 5) from Dulac Mining which was netted against capitalized exploration and evaluation asset costs (February 28, 2023 - $132,233).

Acquisition of Sophie claims

During fiscal 2020, the Company entered into a property acquisition agreement of a 100% interest in mining claims located in the Dawson mining district, Yukon Territory, for consideration of $12,400. The Company has also granted a 1% NSR royalty to the vendor in respect of the Sophie claims, of which the Company may purchase one-half of the NSR royalty (being a 0.5% NSR royalty) for cash in the amount of $750,000 at any time.

Acquisition of Burkhard claims

During fiscal 2018, the Company entered into a property acquisition agreement of a 100% interest in mining claims located in the Dawson mining district, Yukon Territory, for consideration of $20,000. The Company has also granted a 2% NSR royalty to the vendor in respect of the Burkhard claims, of which the Company may purchase one-half of the NSR royalty (being a 1% NSR royalty) for cash in the amount of $1,000,000 at any time.

Acquisition of Gimlex claims

During fiscal 2017, the Company entered into a property acquisition agreement with Gimlex Enterprises Ltd. ("Gimlex") for the purchase by the Company of a 100% interest in Gimlex's mining claims located in the Dawson mining district, Yukon Territory, for consideration of $500,000 in cash and 3,000,000 common shares of the Company with a value of $1,200,000. The Company has also granted a 2% NSR royalty to the vendor in respect of the Gimlex property, of which the Company may purchase one-half of the NSR royalty (being a 1% NSR royalty) for cash in the amount of $1,500,000 at any time.

Assignment of Lease on Montana Creek Placer Project

The Company holds a 100% interest in the Montana Creek Placer Project property where it formerly operated a placer mining operation south of Dawson City, Yukon Territory. The interest in the property is subject to an existing third party 5% royalty on production of gold or other minerals.

Prior to fiscal 2017, the Company received $743,335 in royalty payments pursuant to a lease agreement, which are netted against capitalized exploration and evaluation asset costs on the statements of financial position.

b) Net Smelter Returns

Ontario Claims

The Company holds a 100% interest in an Ontario property subject to a 2% NSR royalty of which half can be purchased for $1,000,000 at any time. The carrying value was written-down to $nil during fiscal 2014.

Portuguese Exploration Licenses

The Company previously held five exploration licenses prospective for gold from the Portuguese Department of Energy & Geology.

The Company retains a 2% NSR royalty over the Portuguese exploration licenses, of which Medgold Resource Ltd., a subsidiary of Medgold Resources Corp., may purchase all or parts of the NSR royalty for $1,000,000 per percentage point.

British Columbia ("B.C.") Claims

The Company retains a royalty equal to 1% of NSR royalty from minerals produced from its Vine Extension Property, sold to PJX Resources Inc. in fiscal 2014.

8. LEASE PAYABLE

As at August 31, 2023, lease payable of $235,673 was outstanding (February 28, 2023 - $308,490). The carrying amount of the right-of-use asset is depreciated on a straight-line basis over the life of the lease, which has a term of six years to February 2025.

(Expressed in Canadian dollars)

Information about leases for which the Company is a lessee is presented below:

Right-of-use asset

Balance - February 28, 2022	$ 369,716
Depreciation	(123,228)
Balance - February 28, 2023	246,488
Depreciation	(61,614)
Balance - August 31, 2023	$ 184,874

The following table summarizes the Company's lease commitment:

Balance - February 28, 2022	$ 432,279
Lease payments	(147,847)
Finance expense	24,058
Balance - February 28, 2023	308,490
Lease payments	(81,862)
Finance expense	9,045
Balance - August 31, 2023	$ 235,673

Current lease liability included in lease	$ 154,141
Non-current lease liability included in long-term lease	81,532
Total	$ 235,673

During the six months ended August 31, 2023, the Company received $47,700 (2022 - $17,100) in rental income relating to subleases of its office premises to third parties that is recorded as a recovery of rent expense, included in office and miscellaneous in profit or loss. The Company classified these subleases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the rights to use the underlying assets.

The following table summarizes the Company's undiscounted lease payments:

	August 31, 2023
Short-term portion of the lease (<1 Year)	$ 164,942
Long-term portion of the lease (>1 Year)	83,080
Total	$ 248,022

9. RELATED PARTY BALANCES AND TRANSACTIONS

The Company entered into the following transactions and had the following balances payable with related parties. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and have no specific terms of repayment.

a) During the six months ended August 31, 2023, the Company was charged management fees of $75,000 (2022 - $75,000) by a company owned by the CEO of the Company. Of this amount, $48,750 (2022 - $53,750) was included in additions to exploration and evaluation assets on the statements of financial position. As at August 31, 2023, $39,375 included in trade and other payables was owing to this company (February 28, 2023 - $nil).

b) During the six months ended August 31, 2023, the Company was charged $86,189 (2022 - $60,000), $26,189 of which was share issue costs (2022 - $nil) by a company whose CEO is a director of the Company, for corporate administration services included in consulting on the statements of loss and comprehensive loss.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was $nil for vested stock options granted to directors and officers of the Company, and affiliated companies of directors and officers of the Company, included in share-based compensation during the six months ended August 31, 2023 (2022 - $nil).

10. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued during the six months ended August 31, 2023

The Company issued 14,059,348 flow-through units, comprised of one flow-through common share and one warrant, at a price of $0.115 per flow-through unit for gross proceeds of $1,616,825.

A flow-through premium liability of $140,593 was allocated to the flow-through obligation of this private placement, and the remainder of the proceeds were allocated to share capital. As at August 31, 2023, the Company has incurred eligible expenditures of $1,060,913 of the total obligation of $1,616,825, leaving a flow-through premium liability of $48,340. During the six months ended August 31, 2023, the Company recognized $92,253 (2022 - $212,144) in other income - flow-through on the statements of loss and comprehensive loss relating to this obligation.

The Company also issued 9,543,858 non-flow-through units, comprised of one common share and one warrant, at a price of $0.105 per non-flow-through unit for gross proceeds of $1,002,105.

The 23,603,206 warrants issued are exercisable at $0.20 per common share until April 28, 2025 (Note 10(c)).

Cash transaction costs of $162,138 were incurred as share issuance costs and 979,220 warrants with a value of $44,100 issued as a finder's fee, exercisable at $0.20 per common share until April 28, 2025, in relation to this private placement.

(Expressed in Canadian dollars)

Issued during the year ended February 28, 2023

The Company issued 166,000 flow-through units, comprised of one flow-through common share and one warrant, at a price of $0.15 per flow-through unit for gross proceeds of $24,900.

A flow-through premium liability of $8,300 was allocated to the flow-through obligation of this private placement, and the remainder of the proceeds were allocated to share capital. As at August 31, 2023, the Company has fulfilled the total obligation of $24,900 and the flow-through premium has been fully amortized to loss and comprehensive loss as other income - flow-through.

The Company also issued 3,275,000 non-flow-through units, comprised of one common share and one warrant, at a price of $0.10 per non-flow-through unit for gross proceeds of $327,500. The 3,441,000 warrants issued are exercisable at $0.20 per common share until December 30, 2024, or January 24, 2025. The Company allocated $nil value to the warrants.

Cash transaction costs of $6,916 were incurred as share issuance costs in relation to this private placement.

c) A summary of the changes in warrants follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, February 28, 2022	40,480,787	$	0.32
Expired	(30,627,025)		0.35
Issued	3,441,000		0.20
Balance, February 28, 2023	13,294,762		0.21
Issued (Note 10 (b))	24,582,426		0.20
Balance August 31, 2023	37,877,188	$	0.21

As at August 31, 2023, the following warrants were outstanding:

Outstanding	Exercise Price		Expiry Date
5,717,075	$	0.25	October 22, 2023
661,329		0.25	November 17, 2023
3,475,358		0.25	November 17, 2023
2,441,000		0.20	December 30, 2024
1,000,000		0.20	January 24, 2025
24,582,426		0.20	April 28, 2025
37,877,188			

Subsequent to August 31, 2023, 5,717,075 warrants with an exercise price of $0.25 expired.

(Expressed in Canadian dollars)

d) The Company has established a "rolling" Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each stock option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Stock options granted to consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such stock options vesting in any 3 month period. All other stock options vest at the discretion of the Board of Directors.

A summary of the changes in stock options follows:

	Number of Options		Weighted Average Exercise Price
Balance February 28, 2022	11,669,500	$	0.24
Cancelled	(1,050,000)		0.25
Granted	3,900,000		0.10
Expiry	(200,000)		0.10
Balance February 28, 2023 and August 31, 2023	14,319,500	$	0.20

As at August 31, 2023, the following stock options were outstanding:

Outstanding and Exercisable	Exercise Price		Expiry Date
1,244,500	$	0.12	December 16, 2024
805,000		0.19	April 19, 2026
660,000		0.28	June 21, 2026
400,000		0.30	September 13, 2026
900,000		0.26	April 4, 2027
3,700,000		0.10	January 24, 2028
2,950,000		0.29	March 28, 2028
1,335,000		0.21	May 17, 2029
2,325,000		0.25	October 30, 2030
14,319,500			

11. MANAGEMENT OF CAPITAL

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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, issue debt, acquire or dispose of assets or adjust the amount of cash.

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. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the periods presented.

12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to the financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The levels of the fair value hierarchy are:

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

The fair values of the Company's cash, restricted cash, amounts receivable, reclamation bond, trade and other payables, and lease approximate their carrying value, due to their short-term maturities and market interest rate. Common shares of publicly traded companies included in investments are classified as FVTPL and measured using Level 1 inputs. Warrants of publicly traded companies included in investments are classified as FVTPL and measured using Level 3 inputs.

As at the date of this report, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is attributable to cash, restricted cash and amounts receivable. Cash and restricted cash are held with large Canadian banks or brokerages. Management believes the risk of loss to be remote. The Company's amounts receivable is primarily comprised of amounts owing from the Government of Canada for input tax credits receivable. Accordingly, the Company does not believe it is subject to significant credit risk.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short-term obligations during the year. The Company is subject to liquidity risk.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk:

i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash and restricted cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values of the Company's cash and restricted cash balances as at the date of this report. The Company does not have any interest bearing debt.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's purchases are predominantly transacted in Canadian dollars.

iii) Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of the Company's business is in exploration.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.