METALLIS RESOURCES INC.

Condensed Interim Financial Statements

June 30, 2023

(Expressed in Canadian Dollars)

METALLIS RESOURCES INC.

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For the three and six month periods ended June 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

MANAGEMENT’S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTICE OF NO AUDITOR REVIEW

The accompanying condensed interim financial statements of Metallis Resources Inc. (the "Company") are the responsibility of management and have not been reviewed by the Company’s auditors.

These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Company has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

METALLIS RESOURCES INC.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	June 30, 2023 (unaudited)	*December 31, 2022 (audited)*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 153,286**	$ 578,522
Receivables *(Note 3)*	**38,336**	55,970
Deposits and prepaid expenses *(Note 4)*	**39,957**	44,898
Due from related party *(Note 10)*	**580**	51,725
Total current assets	**232,159**	731,115
Equipment (*Note 5*)	**3,175**	3,979
Right-of-use assets *(Note 5)*	**35,506**	44,384
Exploration and evaluation assets (*Notes 6 and 10*)	**14,263,919**	14,180,927
Net investment in sublease *(Note 7)*	**37,458**	45,556
Total assets	**$ 14,572,217**	$ 15,005,961
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 7)*	**$ 42,179**	$ 166,171
Lease liability *(Note 7)*	**34,918**	33,222
Due to related party *(Note 10)*	**-**	1,540
Total current liabilities	**77,097**	200,933
Lease liability *(Note 7)*	**39,999**	57,892
Total liabilities	**117,096**	258,825
EQUITY		
Share capital *(Note 9)*	**23,533,854**	23,533,854
Equity reserves	**4,426,374**	4,418,616
Deficit	**(13,505,107)**	(13,205,334)
Total equity	**14,455,121**	14,747,136
Total liabilities and equity	**$ 14,572,217**	$ 15,005,961

Nature and Continuance of Operations and Going Concern *(Note 1)*
Events after the reporting period *(Note 14)*

Approved and authorized on behalf of the Board on August 22, 2023

"Fiore Aliperti" Director "*Michael Sikich"* Director

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six-month periods ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	Three months ended June 30, 2023	*Three months ended June 30, 2022*	*Six months ended June 30, 2023*	*Six months ended June 30, 2022*
Operating Expenses:				
Advertising, marketing, promotion	$ 11,088	$ 10,735	$ 12,643	$ 13,814
Consulting fees *(Note 10)*	89,250	129,000	172,500	211,300
Depreciation *(Note 5)*	4,841	5,491	9,682	10,872
Investor relations	6,000	17,000	9,000	38,000
Office and general	11,338	12,555	26,927	30,095
Professional fees	10,898	9,596	14,698	12,096
Regulatory and transfer agent fees	26,203	23,429	34,977	31,645
Rent	4,487	3,376	8,972	7,648
Share-based compensation	2,638	-	7,758	-
Travel	1,218	901	2,975	901
Total operating expenses	(167,961)	(212,083)	(306,132)	(356,371)
Interest income	3,194	2,733	8,386	3,293
Finance income on sublease	963	34	2,027	167
Accretion of lease liability discount	(1,926)	(67)	(4,053)	(332)
Loss and comprehensive loss for the period	$ (165,730)	$ (209,383)	$ (299,772)	$ (353,243)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding:				
Basic and diluted	54,376,670	54,376,670	53,616,387	53,616,387

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Changes in Equity
For the periods ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)
(unaudited – prepared by management)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves*	*Deficit*	*Total*
Balance at December 31, 2021	52,839,878	$ 22,006,727	$ 4,159,187	$ (12,468,987)	$ 13,696,927
Proceeds from private placement	7,704,434	1,704,445	-	-	1,704,445
Share issuance costs	-	(10,672)	-	-	(10,672)
Flow-through share premium liability	-	(163,558)	-	-	(163,558)
Loss for the period	-	-	-	(353,243)	(353,243)
Balance at June 30, 2022	60,544,312	$ 23,536,942	$ 4,159,187	$ (12,822,230)	$ 14,873,899
Share issuance costs	-	(3,088)		-	(3,088)
Share-based compensation	-	-	259,429	-	259,429
Loss for the period	-	-	-	(383,104)	(383,104)
Balance at December 31, 2022	60,544,312	$ 23,533,854	$ 4,418,616	$ (13,205,334)	$ 14,747,136
Share-based compensation	-	-	7,758	-	7,758
Loss for the period	-	-	-	(299,773)	(299,773)
Balance at June 30, 2023	60,544,312	$ 23,533,854	$ 4,426,374	$ (13,505,107)	$ 14,455,121

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Cash Flows
For the six-month periods ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	*2022*
Cash flows provided by (used in) operating activities		
Loss for the period	**$ (299,773)**	$ (353,243)
Items not affecting operating cash:		
Amortization of discount	**4,053**	332
Depreciation	**9,682**	10,872
Interest income	**(8,386)**	(3,293)
Finance income	**(2,027)**	(167)
Share-based compensation	**7,758**	-
Changes in non-cash working capital items:		
Receivables	**17,634**	40,667
Deposits and prepaid expenses	**4,941**	1,404
Accounts payable and accrued liabilities	**11,527**	6,699
Due to related party	**(1,540)**	-
Due from related party	**51,145**	(657)
Net cash used in operating activities	**(204,986)**	(297,386)
Cash flows provided by (used in) investing activities		
Investment in exploration and evaluation assets	**(218,511)**	(192,694)
Loans and interest repaid from related parties	**-**	48,572
Interest received	**8,386**	3,141
Proceeds from investment in sublease	**10,125**	10,125
Purchase of equipment	**-**	(2,408)
Net cash used in investing activities	**(200,000)**	(133,264)
Cash flows provided by (used in) financing activities		
Proceeds from shares issued	**-**	1,704,445
Share issuance costs	**-**	(10,672)
Lease payments	**(20,250)**	(20,250)
Net cash provided by (used in) financing activities	**(20,250)**	1,673,523
Increase (decrease) in cash and cash equivalents during the period	**(425,236)**	1,242,873
Cash and cash equivalents, beginning of period	**578,522**	800,793
Cash and cash equivalents, end of period	**$ 153,286**	$ 2,043,666

Supplemental Disclosure with Respect to Cash Flows *(Note 11)*

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Metallis Resources Inc. ("the Company") was incorporated under the Business Corporations Act (British Columbia) on June 19, 2007. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "MTS" and on the OTCQB Venture Market under the symbol "MTLFF". The Company's registered and head office is located at Suite #604 - 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1, and its website is at www.metallisresources.com.

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

The Company operates in a single jurisdiction in the single business activity of exploration and evaluation assets.

These condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Going Concern of Operations

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company incurred a loss of $299,773 during the six month period ended June 30, 2023 and as of that date the Company's total deficit was $13,505,107. The ability of the Company to continue as a going concern depends upon i) its ability to raise adequate financing on reasonable terms from lenders, shareholders and other investors and ii) its ability to develop a mine and/or commence commercially profitable operations. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Fundraising may be undertaken from time to time, and may include private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures. In recent years, the Company has successfully raised funds from equity investors to provide for its exploration and working capital needs. The most recent private placement was completed in 2022 for $1.7 million. To the extent future financing is not available, future working capital commitments beyond 2023 may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company. In addition, should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position.

2. MATERIAL ACCOUNTING POLICIES

The Company's accounting policies have been applied consistently to all periods presented in these condensed interim financial statements.

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value, and have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements and notes thereto for the year ended December 31, 2022. These condensed interim financial statements do not include all disclosures required in annual financial statements but rather they follow recommendations for condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of their application as those followed in the December 31, 2022 annual financial statements.

New accounting standards

New policies with an adoption date of January 1, 2023 and after are as follows:

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended effective for annual periods beginning on or after January 1, 2023, to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

IAS 1 also includes amendments requiring companies to disclose their material accounting policies instead of their significant accounting policies and clarifies the disclosure of material and immaterial transactions.

IAS 8 clarifies changes in accounting policies (which are applied retrospectively) from changes in accounting estimates (which are applied prospectively).

IAS 12 Income taxes clarify the treatment of deferred income taxes on leases and decommissioning obligations.

There were no material impacts to the Company from the adoption on January 1, 2023 of the above noted accounting standards.

2. MATERIAL ACCOUNTING POLICIES (continued)

Use of significant judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The Company capitalizes its exploration and evaluation costs on the statement of financial position. The recoverability of the carrying value requires assumptions and judgements as does the verification of property title. The Company takes steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;

b) The Company uses the Black-Scholes valuation model to determine the fair value of stock option grants and certain warrants issued under private placements. The inputs used in the model require estimates of the fair value of the shares, expected life of options, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. These estimates impact share-based compensation expense in the profit or loss and share capital and shareholder's equity on statements of financial position;

c) The values of right-of-use assets and lease liabilities require judgements to determine the lease term, the likelihood of an extension option being exercised and the incremental borrowing rate. Such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets, the value of the net investment in sublease and the amounts recognized in profit or loss, including depreciation, rent expense, finance expense and finance income;

d) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;

e) The Company raises financing by issuing equity comprised of flow-through shares and/or non-flow-through shares. When flow-through shares are issued, a flow-through premium liability is recognized and that recognition requires estimations of the fair value of the non-flow-though and flow-through shares; and

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Use of significant judgements and estimates (continued)

f) The assumption that the Company is a going concern and will continue operating for the foreseeable future, being one year, is a judgment.

3. RECEIVABLES

	June 30, 2023	December 31, 2022
GST/ HST recoverable taxes	**$ 8,853**	$ 22,333
CRA payroll credit	**26,549**	26,549
Other receivables	**2,934**	7,088
Total receivables	**$ 38,336**	$ 55,970

4. DEPOSITS AND PREPAID EXPENSES

The deposits and prepaid expenses of the Company consist of the following:

	June 30, 2023	December 31, 2022
Prepaid insurance	**$ 3,333**	$ 7,333
Prepaid storage	**5,584**	6,525
Rental deposit	**6,040**	6,040
Deposit on 2023 helicopter contract	**25,000**	25,000
	$ 39,957	$ 44,898

(Expressed in Canadian Dollars)

5. EQUIPMENT AND RIGHT-OF-USE ASSETS

Equipment:

	Furniture & fixtures	*Computers and software*	*Total*
Cost:			
Balance, December 31, 2021	$ 3,692	$ 21,461	$ 25,153
Additions	-	2,408	2,408
Balance, December 31, 2022	3,692	23,869	27,561
Additions	-	-	-
Balance, June 30, 2023	**$ 3,692**	**$ 23,869**	**$ 27,561**
Accumulated depreciation:			
Balance, December 31, 2021	$ 1,624	$ 19,938	$ 21,562
Additions	412	1,608	2,020
Balance, December 31, 2022	2,036	21,546	23,582
Additions	166	638	804
Balance, June 30, 2023	**$ 2,202**	**$ 22,184**	**$ 24,386**
Net Book Value:			
June 30, 2023	**$ 1,490**	**$ 1,685**	**$ 3,175**
December 31, 2022	$ 1,656	$ 2,323	$ 3,979

(Expressed in Canadian Dollars)

5. EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Right-of-Use assets:

Cost:	
Balance, December 31, 2021	$ 60,828
Additions- lease commenced July 1, 2022	106,524
Derecognize- sublease July 1, 2022	(53,262)
Disposal- lease maturity June 30, 2022	(60,828)
Balance, December 31, 2022 and June 30, 2023	**$ 53,262**
Accumulated depreciation:	
Balance, December 31, 2021	$ 50,690
Additions	19,016
Disposal- lease maturity June 30, 2022	(60,828)
Balance, December 31, 2022	$ 8,878
Additions	8,878
Balance, June 30, 2023	**$ 17,756**
Net Book Value:	
June 30, 2023	**$ 35,506**
December 31, 2022	$ 44,384

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS – Kirkham Property

	Balance, December 31, 2021	Additions	Balance, December 31, 2022	Additions	Balance, June 30, 2023
Drilling	$ 4,487,554	$ 450,962	$ 4,938,516	$ -	$ 4,938,516
Helicopters and aircraft support	3,706,698	437,973	4,144,671	-	4,144,671
Geological and geophysical	2,524,801	261,910	2,786,711	70,719	2,857,430
Accommodations and camp	1,982,708	180,481	2,163,189	-	2,163,189
Assays and lab analysis	458,639	82,065	540,704	2,275	542,979
Acquisition costs	495,801	-	495,801	-	495,801
Licenses, claim fees and permits	185,876	31,211	217,087	9,998	227,085
Community relations	161,872	40,500	202,372	-	202,372
Field expenses and core shack	99,261	11,136	110,397	-	110,397
Recovery of expenses	(1,323,151)	(11,503)	(1,334,654)	-	(1,334,654)
Write-downs	(83,867)	-	(83,867)	-	(83,867)
	$ 12,696,192	$ 1,484,735	$ 14,180,927	$ 82,992	$ 14,263,919

Kirkham Property – Golden Triangle, Skeena Mining Division, British Columbia, Canada

The Kirkham Property (the "Property") is comprised of certain mineral claims situated in the "Golden Triangle" region of north-western British Columbia, Canada. The Property was assembled by the Company through a series of transactions between 2013 and 2015 including staking, re-staking and acquisitions from third parties.

A portion of the mineral claims are subject to third-party Net Smelter Return ("NSR") royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for $500,000.

Recovery of expenses is primarily composed of BC Mineral Exploration tax credits receivable and also includes provincial tax recoveries and vendor credits.

No impairments on the Property were observed during the period ended June 30, 2023.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. To the best of its knowledge, the Company's title to all of its mineral claims and properties are in good standing.

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

Accounts payable and accrued liabilities for the Company are comprised as follows:

	June 30, 2023	December 31, 2022
Accounts payable	**$ 12,179**	$ 136,171
Accrued liabilities	**30,000**	30,000
	$ 42,179	$ 166,171

Lease liability:

The Company entered into a three-year premises lease on July 1, 2022 following the maturity on June 30, 2022 of its prior 3-year lease agreement. The office location did not change. The monthly fixed lease costs remain the same as the prior lease for the first two years at $3,375 per month, rising to $3,488 per month for the third year. The fair value estimate of the new lease and initial lease liability was $106,524 using an incremental borrowing rate of 10%. The following schedule shows recent changes in lease liabilities:

Lease liability:	**Lease: 7/1/19 – 6/30/22**	**Lease: 7/1/22 – 6/30/25**	**Total**
Balance, December 31, 2021	$ 19,918	$ -	$ 19,918
Additions	-	106,524	106,524
Lease payments	(20,250)	(20,250)	(40,500)
Accretion of lease liability discount	332	4,840	5,172
Balance, December 31, 2022	-	91,114	91,114
Lease payments	-	(20,250)	(20,250)
Accretion of lease liability discount	-	4,053	4,053
Balance, June 30, 2023	**$ -**	**$ 74,917**	**$ 74,917**

Lease liability allocation:	
Short-term portion of lease liability	**$ 34,918**
Long-term portion of lease liability	**39,999**
Balance, June 30, 2023	**$ 74,917**

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY (continued)

Lease payments for next five years:
(including variable lease costs estimated by landlord)

Year ended December 31, 2023	$ 37,746
Year ended December 31, 2024	76,167
Year ended December 31, 2025	38,421
Year ended December 31, 2026	-
Year ended December 31, 2027	-
Total	$ 152,334

Net investment in sublease:

On July 1, 2022, the Company entered into a 3-year sublease agreement with related party Etruscus Resources Corp. ("ETR") for ½ of its premises at a per square foot cost equal to the head lease. ETR pays fixed lease costs of $1,688 per month for the first two years and $1,744 per month for the third year. At commencement of the sublease, the Company recognized a net investment in sublease of $53,262, and derecognized ROU assets by the same amount. The reconciliation of the Company's net investment in sublease is as follows:

	Period ended June 30, 2023	Year ended December 31, 2022
Balance, beginning of period	**$ 45,556**	$ 9,958
Additions- sublease July 1, 2022	**-**	53,262
Finance income	**2,027**	2,586
Lease payments received	**(10,125)**	(20,250)
Balance, end of period	**$ 37,458**	$ 45,556

8. FLOW-THROUGH PREMIUM LIABILITY

During the year ended December 31, 2022, the Company issued 5,451,934 flow-through shares at a price of $0.23 per share for gross proceeds of $1,253,945 (the "Financing") and recognized a flow-through share premium liability of $163,558 as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering of flow-through and non-flow-through units. The incurrence of qualifying exploration expenses reduced the flow-through share premium liability, which the Company recognizes as other income on settlement of flow-through share premium liability on a pro-rated basis. The Company incurred sufficient qualifying exploration expenses in 2022, subsequent to the Financing, to fully meet its obligations and consequently, no flow-through premium liability existed at December 31, 2022 or at June 30, 2023.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

Authorized:	Unlimited common shares, without par value
Issued:	60,544,312 common shares (December 31, 2022 – 60,544,312 common shares)

There were no share transactions for the period ended June 30, 2023.

Transactions for the year ended December 31, 2022:

On June 23, 2022, the Company closed a two-tranche private placement for total proceeds of $1,704,445, consisting of 2,252,500 non-flow-through units at a price of $0.20 per unit for proceeds of $450,500 and 5,451,934 flow-through units at a price of $0.23 per flow-through unit for proceeds of $1,253,945.

Each non-flow-through unit consisted of one common share and one-half of a non-flow-through, non-transferable share purchase warrant. Each whole warrant allows the holder to purchase one additional common share at a price of $0.30 per share for a 3-year period.

Each flow-through unit consisted of one flow-through common share and one-half of a non-flow-through, non-transferable share purchase warrant. Each whole warrant allows the holder to purchase one additional common share at a price of $0.33 per share for a 3-year period.

The Company paid filing fees and transfer agent fees totalling $13,760 in connection with the financing.

Stock options:

The Company has a stock option plan in place under which it is authorized to grant options to its directors, executive officers, employees and consultants. At the Company's Annual and Special Meeting held on October 25, 2022, the shareholders re-approved the adoption of a 10% Rolling Stock Option Plan. The exercise price of each stock option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors at the time of grant. However, stock options granted to employees or consultants in respect of investor relations activities follow the vesting provisions of the TSX-V, which allow for vesting of options as to no more than 25% of the grant vesting each three months, measured from the date of grant.

During the six month period ended June 30, 2023, the Company recorded share-based compensation of $7,758 in respect of the portion of investor relations stock options that vested during the period.

During the year ended December 31, 2022, the Company recorded share-based compensation of $259,429 from the grant and vesting of 1,800,000 stock options to its directors, officers and consultants, exercisable at $0.20 per share for a five-year period. The Company's investor relations consultant received 150,000 of those stock options, which vest over a one-year period. The other stock options vested upon grant.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

Stock options: (continued)

The following weighted average parameters were used in the Black-Scholes option model to determine the fair value of the option grants described above:

	2022
Risk-free interest rate	3.29%
Expected life	5 years
Annualized volatility	97.1%
Forfeiture rate	0%
Dividends	0%
Weighted average fair value of options	$0.15

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	4,880,000	$ 0.62
Options granted	1,800,000	0.20
Options expired	(760,000)	0.39
Options terminated	(375,000)	0.81
Balance, December 31, 2022	5,545,000	0.50
Options expired	(120,000)	0.45
Balance, June 30, 2023	5,425,000	$ 0.50

As at June 30, 2023, the following incentive stock options are outstanding and exercisable:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price	Weighted remaining contractual life (years)
July 13, 2023	900,000	900,000	$ 1.35	0.04
August 9, 2023	25,000	25,000	1.05	0.11
October 6, 2025	450,000	450,000	0.40	2.27
April 12, 2026	450,000	450,000	0.50	2.79
September 27, 2026	1,800,000	1,800,000	0.39	3.25
August 31, 2027	1,800,000	1,762,500	0.20	4.17
Total outstanding options	5,425,000	5,387,500		3.24

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2021	11,788,154	$ 0.65
Warrants issued	3,852,217	0.32
Balance at December 31, 2022	15,640,371	0.57
Warrants expired	(3,829,822)	0.69
Balance at June 30, 2023	11,810,549	$ 0.53

As at June 30, 2023, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price ($)	Weighted average remaining contractual life (years)
October 7, 2023	4,805,000	0.60	0.27
October 7, 2023	2,383,000	0.68	0.27
October 7, 2023	7,000	0.40	0.27
October 16, 2023	50,000	0.60	0.30
October 16, 2023	666,666	0.68	0.30
October 16, 2023	46,666	0.40	0.30
June 10, 2025	663,750	0.30	1.95
June 10, 2025	2,640,750	0.33	1.95
June 23, 2025	462,500	0.30	1.98
June 23, 2025	85,217	0.33	1.98
Total	11,810,549		0.82

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The following related parties, for the years presented, include directors and key management personnel, being officers and directors of the Company, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer of the Company, provides consulting services to the Company;
b) Lever Capital Corp., a company owned by the Company's Chief Financial Officer, provides consulting services to the Company;
c) D. G. Dupre and Associates Inc., is a company that is controlled by the Vice-President of Exploration and which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets;
d) DRW Geological Consultants Ltd. is a company controlled by a director of the Company and which provides occasional geological consulting services to the Company, the amounts of which are capitalized under exploration and evaluation assets;
e) Magma Geosciences Inc. is a company controlled by the former Vice-President of Geoscience Services, and which provided geological consulting services to the Company up to his date resignation on March 1, 2022, the amounts of which were capitalized as geological costs under exploration and evaluation assets; and
f) Etruscus Resources Corp. ("ETR"), a public company related through two common directors and a common officer, subleases office space from the Company, shares certain administrative expenses and also shares an exploration camp with the Company, resulting in occasional related party receivables or payables at the end of each period.

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the six-month period ended June 30, 2023	Transactions for the year ended December 31, 2022	**Balance receivable (payable) as at June 30, 2023**	Balance Receivable (payable) as at December 31, 2022
Avanti Consulting Inc.	**(a)**	**$ 72,000**	$ 144,000	**$ -**	$ -
Lever Capital Corp.	**(b)**	**42,000**	84,000	**-**	-
D.G. Dupre and Associates Inc.	**(c)**	**30,000**	60,000	**-**	-
DRW Geological Consultants Ltd (i)	**(d)**	**-**	-	**-**	(1,540)
Magma Geosciences Inc.	**(e)**	**-**	22,000	**-**	-
Etruscus Resources Corp. (ii)	**(f)**	**-**	-	**580**	51,725
Total		**$ 144,000**	$ 310,000	**$ 580**	$ 50,185

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

During the period ended June 30, 2023, the company entered into transactions with ETR as follows:

	Due from ETR, December 31, 2022	Invoiced	Paid	**Due from ETR, June 30, 2023**
Rent	$ 113	$ 19,099	$ 16,028	**$ 3,184**
Office expenses, net	2,937	(1,674)	3,867	**(2,604)**
Exploration costs	48,675	-	48,675	**-**
Total	$ 51,725	$ 17,425	$ 68,570	**$ 580**

There was no share-based compensation to directors and officers recognized during the period ended June 30, 2023.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the six month period ended June 30, 2023.

For the period ended June 30, 2022, the significant non-cash investing and financing transactions during the period were as follows:

a) As at June 30, 2022, exploration and evaluation asset cost recoveries of $110,285 were included in receivables; and

b) A flow through premium liability of $163,558 was recorded as a deduction from share capital, in respect of flow-through shares issued by the Company during the period.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, net investment in sublease, accounts payable, lease liability and due from/to related parties. All financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three 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; and
Level 3 – Inputs that are not based on observable market data.

The fair values of cash and cash equivalents are measured based on Level 1 inputs of the fair value hierarchy.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents, receivables and net investment in sublease. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables primarily consist of recoverable Canadian sales and payroll taxes, Canadian mineral exploration tax credits and accrued interest, for which management assesses the collectability of these amounts to be assured.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's operations do not currently generate positive cash flows, and historically the Company has relied on equity financings, and to a lesser extent non-core asset sales, for its capital requirements. As at June 30, 2023, the Company has working capital of $155,062. The existing liquidity will finance some of the 2023 exploration programs and the Company's working capital over the ensuing months, but additional financing will be required in 2023 to provide sufficient working capital and exploration funding for the ensuing year.

The Company will continue to depend upon equity capital as required and may also enter into convertible debentures, earn-in arrangements, joint ventures or the sale of certain property interests. However, there can be no assurance the Company will be able to complete future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

The following are the contractual maturities of financial liabilities as at June 30, 2023:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
Accounts payable and accrued liabilities	$ 42,179	$ 42,179	$ 42,179	$ -	$ -
Lease liabilities	74,917	82,350	40,500	41,850	-
Total	$ 117,096	$ 124,529	$ 82,679	$ 41,850	$ -

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability and accordingly has not needed to enter into any interest rate swaps or other financial arrangements to mitigate exposure to interest rate fluctuations. The Company considers it is not subject to material risks should interest rates rise further.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign currency risk

The Company's functional currency is the Canadian dollar and nominal amounts are in other currencies. To date, the Company has had no exposure to any foreign currency through its cash and cash equivalents, receivables, payables, or equity transactions. Management therefore considers the foreign exchange risk derived from currency conversions to be immaterial.

13. CAPITAL MANAGEMENT

The Company endeavors to maintain appropriate levels of capital and liquidity, although it is not subject to externally imposed capital requirements. Sufficient liquidity is required to meet liabilities and financial obligations as they become due. The Company has no commercial operations or source of revenue, no long-term debt other than a lease liability, and no externally imposed capital requirements other than those specified under continuous listing requirements. The Company's capital is its issued share capital. The capital required for operations and property exploration is expected to continue to come from the issuance of common shares or units, for the foreseeable future. The Company's objectives of capital and liquidity management are to fund critical exploration work, meet on-going liabilities, maintain creditworthiness, minimize shareholder dilution and to ultimately maximize returns for shareholders over the long term.

There were no changes in the Company's capital management objectives during the period ended June 30, 2023.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2023, 900,000 stock options exercisable at $1.35 per share expired on July 13, 2023 and 25,000 stock options exercisable at $1.05 per share expired on August 9, 2023.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. There are no changes to net loss and no impact on the statements of cash flows.