STERLING METALS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim financial statements.

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Sterling Metals Corp.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of unaudited condensed interim financial statements.

The Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the unaudited condensed interim financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements were approved by the Board of Directors on August 17th, 2023.

"Mathew Wilson"
Mathew Wilson, CEO

"Dennis Logan"
Dennis Logan, CFO

--The accompanying notes form an integral part of the financial statements.--

Expressed in Canadian Dollars

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at June 30, 2023	As at December 31, 2022
Assets		
Current Assets		
Cash	$6,774,235	$3,260,978
Sales tax receivable	128,115	141,436
Prepaid expenses	293,665	169,842
Total Current Assets	**7,196,015**	**3,572,256**
Vehicle and equipment (Note 6)	124,707	107,668
Property rights, evaluation and exploration assets (Note 7)	11,321,322	8,758,671
	11,446,029	**8,866,339**
Total Assets	**$18,642,044**	**$12,438,595**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	$501,518	$270,686
Flow-through share premium liability (Note 9)	650,338	71,370
Total Current Liabilities	**1,151,856**	**342,056**
Total Liabilities	**1,151,856**	**342,056**
Shareholders' Equity		
Share capital (Note 10)	42,143,672	37,912,174
Warrants (Note 10)	13,037,111	11,213,271
Share based payment reserve (Note 10)	16,617,557	15,980,757
Deficit	(54,308,152)	(53,009,663)
Total Shareholders' Equity	**17,490,188**	**12,096,539**
Total Liabilities and Shareholders' Equity	**$18,642,044**	**$12,438,595**

Nature of operations and going concern (Note 1)
Commitments (Note 7 and 9)

The financial statements were approved by the Board of Directors on August 17th, 2023, and were signed on its behalf by:

"Stephen Keith"
Stephen Keith, Director

"Richard Patricio"
Richard Patricio, Director

--The accompanying notes form an integral part of the financial statements.--

Expressed in Canadian Dollars

UNAUDITED CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
General and Administrative Expenses				
General and administration	$111,580	$54,646	$185,993	$101,131
Investor relations	170,463	262,770	289,146	293,634
Management and Director fees (Note 12)	97,179	143,500	194,358	226,251
Consulting fees	-	35,590	-	69,967
Share based compensation (Note 10(c))	401,400	584,400	636,800	584,400
Professional fees	40,002	6,352	75,609	22,309
Operating loss for the period	**(820,624)**	**(1,087,258)**	**(1,381,906)**	**(1,297,692)**
Recovery of flow-through premium liability (Note 9)	12,047	15,208	83,417	28,403
Net loss and comprehensive loss for the period	**($808,577)**	**($1,072,050)**	**($1,298,489)**	**($1,269,289)**
Net loss per share for the period				
Basic and fully diluted loss per share	**($0.01)**	**($0.02)**	**($0.01)**	**($0.02)**
Weighted Average Number of Shares Outstanding	105,355,845	59,951,965	87,905,001	54,167,773

Expressed in Canadian Dollars

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Number of shares outstanding	Share Capital	Warrants	Share Based Payment Reserve	(Deficit)	Total Equity
Balance at January 1, 2022	**48,319,311**	**$36,023,236**	**$8,903,610**	**$15,396,357**	**($51,468,916)**	**$8,854,287**
Shares and warrants issued on private placement	21,428,572	2,149,172	2,236,173	-	-	4,385,345
Issuance costs	-	(148,119)	(179,282)	-	-	(327,401)
Issuance of broker warrants	-	(115,302)	257,936	-	-	142,634
Share-based compensation	-	-	-	584,400	-	584,400
Net loss and comprehensive loss for the period	-	-	-	-	(197,239)	(197,239)
Balance at June 30, 2022	**69,747,883**	**$37,908,987**	**$11,218,437**	**$15,980,757**	**($51,666,155)**	**$13,442,026**
Balance at July 1, 2022	**69,747,883**	**$37,908,987**	**$11,218,437**	**$15,980,757**	**($51,666,155)**	**$13,442,026**
Shares and warrants issued on private placement (Note 10)	-	-	93,227	-	-	93,227
Share issuance costs	-	(3,991)	(94,928)	-	-	(98,919)
Issuance of broker warrants	-	-	-	-	-	-
Shares issued on warrant exercise (Note 10)	12,376	7,178	(3,465)	-	-	3,713
Share-based compensations - Issuance of share purchase options	-	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(1,343,508)	(1,343,508)
Balance at December 31, 2022	**69,760,259**	**$37,912,174**	**$11,213,271**	**$15,980,757**	**($53,009,663)**	**$12,096,539**
Balance at January 1, 2023	**69,760,259**	**$37,912,174**	**$11,213,271**	**$15,980,757**	**($53,009,663)**	**$12,096,539**
Shares issued on private placement (Note 10)	38,239,166	3,876,793	1,859,087	-	-	5,735,880
Issuance costs	-	(410,295)	(196,744)	-	-	(607,039)
Shares issued on property option acquisition (Note 7)	4,500,000	765,000	-	-	-	765,000
Issuance of broker warrants	-	-	161,497	-	-	161,497
Share-based compensation	-	-	-	636,800	-	636,800
Net loss and comprehensive loss for the period	-	-	-	-	(1,298,489)	(1,298,489)
Balance at June 30, 2023	**112,499,425**	**$42,143,672**	**$13,037,111**	**$16,617,557**	**($54,308,152)**	**$17,490,188**

--The accompanying notes form an integral part of the financial statements.--

Expressed in Canadian Dollars

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating activities		
Net loss for the period	($1,298,489)	($1,269,289)
Add (deduct) non-cash items:		
Non-cash share based compensation	636,800	584,400
Non-cash recovery of flow-through share premium liability (Note 9)	(83,417)	(28,403)
	(745,106)	(713,292)
Net change in non-cash working capital		
Change in sales tax receivable	13,321	321,021
Change in prepaid expenses	(123,823)	(205,908)
Change in accounts payable and accrued liabilities	230,830	(49,154)
Cash used in operating activities	**(624,778)**	**(647,333)**
Investing activities		
Purchase of vehicle and equipment (Note 6)	(33,617)	(26,863)
Property rights, evaluation and exploration costs (Note 7)	(1,781,073)	(380,748)
Cash used in investing activities	**(1,814,690)**	**(407,611)**
Financing activities		
Issuance of common shares and warrants (Note 10) and share premium liability (Note 9)	6,476,664	4,800,000
Issuance costs allocated to shares and warrants (Note 10) and share premium liability (Note 9)	(523,939)	(325,034)
Cash provided by financing activities	**5,952,725**	**4,474,966**
Net increase (decrease) in cash during the period	**3,513,257**	**3,420,022**
Cash at beginning	3,260,978	2,428,636
Cash at ending	**$6,774,235**	**$5,848,658**

Supplementary Cash Flow Information				
Issuance of 4,500,000 common shares on property option acquisition	$	765,000	$	-
Depreciation capitalized to mineral properties	$	16,578	$	10,421

--The accompanying notes form an integral part of the financial statements.--

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1) Nature of operations and going concern

Sterling Metals Corp. ("SAG" or "the Company") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company's principal business activity is the exploration and development of resource properties. The head office of the Company is located at Suite 401, 217 Queen Street West, Toronto, ON, M5V 0R2. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol SAG (formerly under the symbol LAT).

These unaudited condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $1,298,489 for the six months ended June 30, 2023 (2022: $1,269,289). On June 30, 2023, the Company had an accumulated deficit of $54,308,152 (December 31, 2022: $53,009,663). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. On June 30, 2023, the Company had a total of $7,196,015 of current assets and working capital of $6,044,159 and had flow through expenditure commitments of $3,148,399 to be incurred by December 31, 2024. On April 17, 2023, the Company completed a brokered private placement of: (i) 19,625,000 hard dollar units of the Company (each, a "HD Unit") at a price of $0.15 per HD Unit, (ii) 11,914,200 flow-through units of the Company (each, a "FT Unit") at a price of $0.17 per FT Unit, and (iii) 6,700,000 charity flow-through units of the Company (each, a "Charity FT Unit") at a price of $0.225 per Charity FT Unit, for aggregate gross proceeds of $6,476,664 (the "Offering"). Each HD Unit is comprised of one common share ("Common Share") in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.25 until April 17, 2025. Each FT Unit is comprised of one Common Share, issued on a flow-through basis ("FT Share") and one Warrant, issued on a non-flow-through basis, having the same terms as the Warrants partially comprising the HD Units. Each Charity FT Unit is comprised of one Common Share, issued on a flow-through basis ("Charity FT Share") and one Warrant, having the same terms as the Warrants partially comprising the HD Units and FT Units.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited financial statements as of and for the year ended December 31, 2022. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements. These unaudited condensed interim financial statements are presented in Canadian dollars. The Canadian dollar serves as the functional currency of the Company.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2022.

The unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August XX, 2023.

(a) Basis of Measurement

These unaudited condensed interim financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value as described herein.

3) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim financial statements for the three and six months ended June 30, 2023, are consistent with those applied and disclosed in note 3 to the Company's audited financial statements for the year ended December 31, 2022.

4) New accounting standards issued and adopted in the current period and Recent accounting pronouncements not yet adopted

<u>New Standards Adopted in the Current Period</u>

There were no new standards adopted by the Company during the period.

5) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments are recorded at fair value are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's financial instruments include cash, accounts payable and accrued liabilities and are classified as Level 1. The carrying amounts approximate their fair values due to their short-term nature.

b) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. There have not been any changes in the exposure to risk or the entity's objective, policies, and processes for managing the risk.

c) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk. There have not been any changes in the exposures to risk or the Company's objectives, policies, and processes for managing risk.

d) Currency risk

The Company operates domestically in Canada. The Company incurs certain expenditures in US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's

NOTES TO THE FINANCIAL STATEMENTS

risk management policy is to review its exposure to non-Canadian dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting. There have not been any changes in the exposure to risk or the entity's objectives, policies, and processes for managing the risk.

The carrying amount of foreign currency financial assets and liabilities in Canadian dollars as of June 30, 2023, is as follows:

Canadian Dollar amounts of foreign currency assets and liabilities

	Cash	Liabilities
US Dollars	$1,049	$*nil*

Based on the financial instruments held as of June 30, 2023, the Company's net loss would have increased or decreased by $104 had the Canadian dollar shifted by 10% as a result of foreign exchange effect on translation of non-Canadian dollar denominated financial instruments.

e) Liquidity risk

Liquidity risk management involves always maintaining sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

As of June 30, 2023, the Company had positive working capital of $6,044,1459. Available funds from cash on hand and working capital are expected to be sufficient to cover a portion of the Company's planned expenditures for the next twelve months. Any shortfall in available funds may be made up of possible proceeds of possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof. There have not been any changes in the exposure to risk or the entity's objectives, policies, and processes for managing the risk.

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

6) Vehicles and Equipment

	Vehicles	Equipment	Total
Cost			
Balance December 31, 2022	$ 93,545	$ 41,646	$ 135,191
Additions	-	33,617	33,617
Disposals	-	-	-
Balance June 30, 2023	**$ 93,545**	**$ 75,263**	**$ 168,808**
Accumulated Amortization			
Balance December 31, 2022	**$ (23,290)**	**$ (4,233)**	**$ (27,523)**
Amortization	(10,357)	(6,221)	(16,578)
Disposals	-	-	-
Additions	-	-	-
Balance June 30, 2023	**$ (33,647)**	**$ (10,454)**	**$ (44,101)**
Carrying Amounts			
At December 31, 2022	70,255	37,413	107,668
At June 30, 2023	**$ 59,898**	**$ 64,809**	**$ 124,707**

7) Property rights, evaluation and exploration assets

	Sail Pond	Adeline	Total
Carrying amount			
Balance January 1, 2022	**$ 6,059,652**	**$ -**	**$ 6,059,652**
Exploration			
Drilling	1,334,737	-	1,334,737
Field and administration	234,322	-	234,322
Geological and Geophysical services	660,500	-	660,500
Assays	365,420	-	365,420
Prospecting	87,810	-	87,810
Depreciation and amortization capitalized	16,230	-	16,230
Balance December 31, 2022	**$ 8,758,671**	**$ -**	**$8,758,671**
Acquisitions			
Cash	**$ -**	$ 400,000	$ 400,000
Common shares issued	-	765,000	765,000
Exploration			
Drilling	283,417	-	283,417
Field and administration	357,292	-	357,292
Geological and Geophysical services	531,015	124,141	655,156
Assays	82,852	-	82,852
Prospecting	2,356	-	2,356
Depreciation and amortization capitalized	16,578	-	16,578
Balance June 30, 2023	**$10,032,181**	**$1,289,141**	**$11,321,322**

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

Sail Pond Silver-Copper-Lead-Zinc Project

On October 2, 2020, the Company entered into an option agreement ("Sail Pond Property Option Agreement") with Altius Resources Inc. to purchase from Altius Resources Inc., 100% of the Sail Pond silver-copper-lead-zinc project ("Project") on the Great Northern Peninsula of Newfoundland. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company issued 5,899,125 common shares of the Company, representing approximately 19.9% of the then outstanding shares of the Company, to Altius Resources Inc. Altius also holds a 2% NSR royalty over the project. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of $500,000 within the first 12 months and $1,000,000 within the first 3 years of entering into the agreement. Additionally, the Company was committed to issue Altius Resources Inc. an additional $200,000 in common shares on the earlier of 12 months from the date of signing or on the completion of an equity financing of at least $2,000,000. On February 1, 2021, the Company issued an additional 606,061 common shares valued at $200,000 to Altius in satisfaction of this commitment.

The Company has met the conditions under the property option purchase agreement and now holds a 100% interest in the project.

Adeline Copper-Silver Project

On March 6, 2023, the Company entered into an option agreement ("Adeline Property Option Agreement") with Chesterfield Resources Plc, and its wholly owned subsidiary, Chesterfield (Canada) Inc. (collectively "**Chesterfield**") to purchase from Chesterfield, 100% of the Adeline Copper-Silver project in Labrador. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company made a cash payment of $100,000. On approval of the transaction by the TSX Venture Exchange, the Company issued 4,500,000 common shares of the Company, to Chesterfield Resources Plc., and made an additional cash payment of $300,000 to Chesterfield (Canada) Inc. Other key conditions of the option purchase agreement include the issuance of an additional 4,500,000 common shares of the Company on or before November 30, 2024, and an additional cash payment of $400,000 on or before November 30, 2024.

8) Accounts payable and accrued liabilities

	June 30, 2023	December 31, 2022
Accounts payable	$ 471,510	$ 268,678
Accrued liabilities	30,008	2,008
Total	**$ 501,518**	**$ 270,686**

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

9) Flow-through share premium liability

A summary of the changes in the Company's flow-through share premium liability was as follows:

Flow-Through Share Premium Liability	
Balance December 31, 2021	**100,406**
Flow-through share premium on the issuance of flow-through common share units (Note 10 (b))	$ 321,428
Issuance costs allocated to the flow-through share premium liability	(47,934)
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(302,530)
Balance December 31, 2022	**71,370**
Flow-through share premium on the issuance of flow-through common share units (Note 10 (b))	$ 740,784
Issuance costs allocated to the flow-through share premium liability	(78,399)
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(83,417)
Balance June 30, 2023	**$ 650,338**

The Company has to incur an additional $3,418,399 in eligible exploration expenditures on the Adeline property to meet expenditure renunciation commitments under the various issuances of flow through shares as of June 30, 2023.

10) Share capital

a) Authorized

Unlimited number of common shares without par value. There are no restrictions on the Company's common shares with respect to issuance, transfer, distribution of dividends, the repayment of capital or voting rights.

b) Issued

Six Months ended June 30, 2023

On March 21, 2023, the Company issued 4,500,000 common shares valued at $765,000 to Chesterfield Resources Plc. Under the terms of the Adeline Property Option Agreement.

On April 17, 2023, the Company completed a brokered private placement of: (i) 19,625,000 hard dollar units of the Company (each, a "HD Unit") at a price of $0.15 per HD Unit, (ii) 11,914,200 flow-through units of the Company (each, a "FT Unit") at a price of $0.17 per FT Unit, and (iii) 6,700,000 charity flow-through units of the Company (each, a "Charity FT Unit") at a price of $0.225 per Charity FT Unit, for aggregate gross proceeds of $6,476,664 (the "Offering"). Each HD Unit is comprised of one common share ("Common Share") in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.25 until April 17, 2025. Each FT Unit is comprised of one Common Share, issued on a flow-through basis ("FT Share") and one Warrant, issued on a non-flow-through basis, having the same terms as the Warrants partially comprising the HD Units. Each Charity FT Unit is comprised of one Common Share, issued on a flow-through basis ("Charity FT Share") and one Warrant, having the same terms as the Warrants partially comprising the HD Units and FT Units.

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NOTES TO THE FINANCIAL STATEMENTS

Total gross proceeds of $6,476,664 were allocated to common shares, warrants and Share Premium Liability in the amounts of $3,876,788, $1,859,087 and $740,784 respectively. The April 17, 2023 Broker Warrants were valued at $161,497.

The fair value of the Warrants and Broker Warrants were determined with the following weighted average assumptions:

	Warrants	Broker Warrants
Assumption	**April 17, 2023**	**April 17, 2023**
Share price	**$0.13**	**$0.13**
Strike Price	**$0.25**	**$0.15**
Risk-free rate	**3.88%**	**3.88%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**103.52%**	**1.3.52%**
Warrant life in years	**2.00**	**2.00**

Year ended December 31, 2022

On May 5, 2022, the Company closed a non-brokered private placement through the issuance of 15,000,000 units at a price of $0.20 per unit for aggregate gross proceeds of $3,000,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each unit warrant entitles the holder thereof to acquire one common share at a price of $0.40 per common share for a period of 2 years from the closing date. The Company paid a cash finders' fee of $118,810 equal to 7% of the gross proceeds of the offering delivered by the finders and issued 594,050 warrants to finders ("May 5 2022 Broker Warrants"). Each May 5 2022 Broker Warrant entitles the holder to acquire a common share at a price of $0.20 per Common Share for a period of 2 years from the closing date.

Total gross proceeds of $3,000,000 were allocated to common shares and warrants in the amounts of $1,282,965 and $1,717,035 respectively. The May 5 2022 Broker Warrants were valued at $164,710.

The fair value of the Warrants and Broker Warrants were determined with the following weighted average assumptions:

	Warrants	Broker Warrants
Assumption	**May 5, 2022**	**May 5, 2022**
Share price	**$0.30**	**$0.30**
Strike Price	**$0.40**	**$0.20**
Risk-free rate	**2.69%**	**2.69%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**235.44%**	**235.44%**
Warrant life in years	**2.00**	**2.00**

On May 27, 2022, the Company closed a non-brokered private placement through the issuance of 6,428,571 charity flow-through units at a price of $0.28 per charity flow-through unit for aggregate gross proceeds of $1,800,000. Each charity flow-through unit is comprised of one common share in the capital of the Company issued on a flow-through basis and one common share purchase warrant. Each charity flow-through unit warrant entitles the holder thereof to acquire one common share at a price of $0.40 per common share for a period of 2 years from the closing date. The Company paid a cash finders' fee of $126,000 and issued 449,999 warrants to finders ("May 27 2022 Broker Warrants"). Each May 27 2022 Broker Warrant entitles the holder to acquire a common share at a price of $0.28 per Common Share for a period of 2 years from the closing date.

Total gross proceeds of $1,800,000 were allocated to common shares, warrants and the flow-through premium liability in the amounts of $866,207, $612,365, and $321,428 respectively. The May 27 2022 Broker Warrants were valued at $93,227.

The fair value of the Warrants and Broker Warrants were determined with the following weighted average assumptions:

Expressed in Canadian Dollars

	Warrants	Broker Warrants
Assumption	**May 27, 2022**	**May 27, 2022**
Share price	**$0.23**	**$0.23**
Strike Price	**$0.40**	**$0.20**
Risk-free rate	**2.55%**	**2.55%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**226.46%**	**226.46%**
Warrant life in years	**2.00**	**2.00**

During the year ended December 31, 2022, the Company issued 12,376 common shares on the exercise of 12,376 common share purchase warrants and realized cash proceeds of $3,713 from the exercise.

c) Stock options

The Company has established an incentive stock option plan (the "Plan") for management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

During the six months ended June 30, 2023

On January 23, 2023, the Company granted 2,000,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.21 per common share for a period of two years from the grant date. The Company recognized $235,400 in share-based compensation for the stock options that were granted.

On May 8, 2023, the Company granted 6,280,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.15 per common share for a period of two years from the grant date. The Company recognized $401,400 in share-based compensation for the stock options that were granted.

The weighted average assumptions used were as follows:

Weighted Average	May 8, 2023	January 23, 2023
Share price	**$0.13**	**$0.21**
Exercise price	**$0.15**	**$0.21**
Risk-free rate	**3.70%**	**3.64%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**103.66%**	**105.38%**
Warrant life in years	**2.00**	**2.00**

During the year ended December 31, 2022

On June 9, 2022, the Company granted 2,125,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.32 per common share for a period of two years from the grant date. The Company recognized $584,400 in share-based compensation for the stock options that were granted. The weighted average assumptions used were as follows:

Weighted Average	June 9, 2022
Share price	**$0.32**
Exercise price	**$0.32**
Risk-free rate	**3.03%**
Expected dividend yield	**0.00%**
Expected volatility	**205.39%**
Warrant life in years	**2.00**

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2023:

Expiry date	Exercise Price	June 30, 2023 Outstanding	June 30, 2023 Exercisable
June-9-2024	$0.32	2,125,000	2,125,000
January-24-2025	$0.21	2,000,000	2,000,000
May-8-2025	$0.15	6,280,000	6,280,000
		10,405,000	**10,405,000**

	June 30, 2023
The outstanding options have a weighted-average exercise price of:	$0.20
The weighted average remaining life in years of the outstanding options is:	1.62

The following table reflects the continuity of stock options for the periods presented:

Stock option activity	June 30, 2023	Weighted Average Exercise price	December 31, 2022	Weighted Average Exercise price
Balance – beginning	2,870,000	$0.43	4,140,000	$0.56
Granted	8,280,000	$0.16	2,125,000	$0.32
Expired	(745,000)	$0.78	(3,395,000)	$0.51
Balance – ending	10,405,000	$0.20	2,870,000	$0.43

d) Warrants

The following table summarizes warrants outstanding on June 30, 2023:

Date of Issuance	Date of Expiry	Exercise Price	June 30, 2023 Outstanding
May-05-2022	May-05-2024	$0.40	15,000,000
May-05-2022	May-05-2024	$0.20	594,050
May-27-2022	May-27-2024	$0.40	6,428,571
May-27-2022	May-27-2024	$0.28	449,999
April-17-2023	April-17-2025	$0.25	38,239,166
April-17-2023	April-17-2025	$0.15	1,775,834
			62,487,620

	June 30, 2023
The outstanding warrants have a weighted-average exercise price of:	$0.30
The weighted average remaining life in years of the outstanding warrants is:	1.46

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

The following table reflects the continuity of warrants for the periods presented:

Warrant activity	June 30, 2023	Weighted Average Exercise price	December 31, 2022	Weighted Average Exercise price
Balance – beginning	28,391,195	$0.47	19,701,042	$0.63
Issued on private placements	38,239,166	$0.25	21,428,571	$0.40
Issued to brokers	1,775,834	$0.15	1,044,049	$0.23
Exercised	-	-	(12,376)	$0.30
Expired	(5,918,575)	$0.77	(13,770,091)	$0.58
Balance – ending	**62,487,620**	**$0.30**	28,391,195	$0.47

11) Capital management

The Company's capital structure consists of all components of shareholders' equity in the amount of $17,490,188. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

12) Related party transactions

Related party transactions are summarized as follows:

Name and principal position	Year	Remuneration or fees (1)	Share based compensation (1)	Included in accounts payable (1)
Mathew Wilson, CEO - management fees[2]	**2023**	**$115,000**	**$169,029**	**-**
	2022	156,668	130,630	-
Dennis Logan, CFO - management fees[2]	**2023**	**$54,000**	**$55,499**	**-**
	2022	57,000	82,504	-
Richard Patricio, Director - director fees	**2023**	**$12,000**	**$55,499**	**-**
	2022	12,000	61,878	-
Stephen Kieth, Director - director fees	**2023**	**$12,000**	**$21,358**	**-**
	2022	12,000	61,878	-

(1) Amounts disclosed were paid or accrued to the related party during the six months ended June 30, 2023 and 2022.

(2) Amounts paid to the individuals indirectly through companies controlled by the related party.