



SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

**Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SILVER VALLEY METALS CORP.

Opinion

We have audited the consolidated financial statements of Silver Valley Metals Corp and its subsidiaries (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at June 30, 2023 and 2022;
- ◆ the consolidated statements of loss and comprehensive loss for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$752,824 during the year ended June 30, 2023 and, as of that date, the Company's working capital deficiency is \$649,720. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

October 30, 2023

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SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	June 30, 2023	June 30, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 3)	17,904	157,177
Amounts receivable	3,172	4,597
Prepaid expenses	27,204	19,551
	48,280	181,325
Prepaid expenses	-	10,034
Equipment (Note 4)	4,580	6,542
Exploration and evaluation assets (Notes 5 and 8)	4,008,375	3,290,002
	4,061,235	3,487,903
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	638,000	389,258
Loan payable (Note 6)	60,000	20,000
	698,000	409,258
Loan payable (Note 6)	-	40,000
	698,000	449,258
Shareholders' equity		
Share capital (Note 7)	8,153,183	7,299,430
Reserves	9,063,596	8,839,935
Deficit	(13,853,544)	(13,100,720)
	3,363,235	3,038,645
	4,061,235	3,487,903

Nature of operations and going concern (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2023. They are signed on the Company's behalf by:

*"Timothy Mosey"*_____
Director*"Brandon Rook"*_____
Director

SILVER VALLEY METALS CORP.

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Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Year ended June 30,	
	2023	2022
	\$	\$
EXPENSES		
Advertising and promotion	210,071	158,636
Consulting fees (Note 8)	52,098	30,429
Depreciation (Note 4)	1,614	1,618
General administrative	104,482	134,003
Professional fees (Note 8)	135,692	115,066
Salaries and wages (Note 8)	82,379	91,883
Share-based payments (Notes 7 and 8)	120,415	257,045
LOSS BEFORE OTHER ITEM	(706,751)	(788,680)
OTHER ITEM		
Foreign exchange loss	(46,073)	(7,146)
NET LOSS AND COMPREHENSIVE LOSS	(752,824)	(795,826)
Loss per share, basic and diluted	(0.02)	(0.02)
Weighted average number of common shares outstanding, basic and diluted	43,311,499	34,994,484

SILVER VALLEY METALS CORP.

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Consolidated Statements of Changes in Shareholders' Equity**For the years ended June 30, 2023 and 2022****(Expressed in Canadian Dollars)**

	Common Shares		Reserves	Deficit	Total Shareholders' Equity
	Number of Shares (Note 7)	Amount \$			
		\$	\$	\$	\$
Balance, June 30, 2021	30,494,785	6,884,680	8,582,890	(12,304,894)	3,162,676
Shares issued for warrants exercised	5,330,000	414,750	-	-	414,750
Share-based payments	-	-	257,045	-	257,045
Loss and comprehensive loss	-	-	-	(795,826)	(795,826)
Balance, June 30, 2022	35,824,785	7,299,430	8,839,935	(13,100,720)	3,038,645
Private placement	12,897,114	967,284	-	-	967,284
Share issuance costs	-	(113,531)	44,670	-	(68,861)
Share-based payments	-	-	178,991	-	178,991
Loss and comprehensive loss	-	-	-	(752,824)	(752,824)
Balance, June 30, 2023	48,721,899	8,153,183	9,063,596	(13,853,544)	3,363,235

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Consolidated Statements of Cash Flows

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
CASH USED IN:		
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(752,824)	(795,826)
Items not involving cash:		
Depreciation	1,614	1,618
Share-based payments	120,415	257,045
Changes in non-cash working capital items:		
Amounts receivable	1,425	(1,687)
Prepaid expenses	2,381	(15,250)
Accounts payable and accrued liabilities	298,725	306,222
	(328,264)	(247,878)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of issue costs	898,423	-
Proceeds from warrants exercised	-	414,750
Proceeds from loan payable	-	20,000
	898,423	434,750
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(709,432)	(1,075,726)
Purchase of equipment	-	(3,209)
	(709,432)	(1,078,935)
DECREASE IN CASH AND CASH EQUIVALENTS	(139,273)	(892,063)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	157,177	1,049,240
CASH AND CASH EQUIVALENTS, END OF THE YEAR	17,904	157,177
Cash and cash equivalents consist of the following:		
Cash	7,904	147,177
Guaranteed Investment Certificates	10,000	10,000
CASH AND CASH EQUIVALENTS, END OF THE YEAR	17,904	157,177
Supplemental cash flow information:		
Income tax paid	-	-
Interest paid	-	-
Non-cash financing and investing activities:		
E&E expenditures included within accounts payable and accrued liabilities	135,898	185,881
Depreciation included within E&E assets	348	496
Share-based payments included in E&E	58,576	-

SILVER VALLEY METALS CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended June 30, 2023 and 2022

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Valley Metals Corp. (the "Company") was incorporated on July 10, 2003 under the laws of British Columbia. On April 28, 2016, the Company changed its name from Benton Capital Corp. to Alset Energy Corp. On May 3, 2017, the Company further changed its name to Alset Minerals Corp. and retained the same ticker symbol "ION" on the TSX Venture Exchange. On August 28, 2018, the Company further changed its name to OrganiMax Nutrient Corp. and ticker symbol to "KMAX" on the TSX Venture Exchange. On August 3, 2021, the Company further changed its name to Silver Valley Metals Corp. and ticker symbol to "SILV" on the TSX Venture Exchange. The Company is an exploration stage company which engages in the business of acquisition, exploration, and development of mineral properties in North America. The Company's head office is located at Suite 750 – 1095 West Pender Street, Vancouver, B.C., V6E 2M6. The Company began trading on the TSX Venture Exchange in April 2005. On February 2, 2022, the Company commenced trading on the OTCQB Venture Market in the United States under the ticker symbol "SVMFF".

The Company had a net loss of \$752,824 (2022 - \$795,826) during the year ended June 30, 2023, a working capital deficiency of \$649,720 (2022 - \$227,933), and a deficit of \$13,853,544 (2022 - \$13,100,720) as at June 30, 2023, which has been funded mainly by the issuance of equity. The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and the financial position classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements of the Company for the year ended June 30, 2023 were reviewed, approved and authorized for issue by the Board of Directors on October 30, 2023.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended June 30, 2023 and 2022

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Grupo Minero Alset, S.A. de C.V. ("Grupo") in Mexico and North Idaho Metals Corporation ("North Idaho") in Delaware, United States. Grupo and North Idaho were incorporated on June 7, 2016 and May 11, 2021, respectively. All inter-company balances and transactions have been eliminated on consolidation.

Use of Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive 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.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited, to:

a) **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. Cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

b) **Going Concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

c) **Valuation of Share-based Payments**

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended June 30, 2023 and 2022

d) Determination of functional currency

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events, and conditions relevant to each entity.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Foreign Currency Translation

The functional currency of each of the Company's entities is determined using primary and secondary indicators related to the economic environment in which that entity operates. The Canadian dollar is the Company's functional and presentation currency. The functional currency of the subsidiaries is also the Canadian dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g., geological, geophysical studies, exploratory drilling, and sampling), and the fair value (at acquisition date) of exploration and valuation and evaluation assets acquired. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for, and evaluation of mineral claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized for the related mineral property.

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For the Years Ended June 30, 2023 and 2022

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, an impairment test is conducted, where the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

When options are granted on exploration and evaluation assets or properties are sold, proceeds are credited to the cost of the property. If proceeds exceed costs, the excess proceeds are reported in profit or loss.

Cash Equivalents

Cash consists of cash on deposit in banks. Cash equivalents comprise demand deposits and highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options are shown in equity as a deduction, net of tax, from the proceeds. When the Company issues common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

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For the Years Ended June 30, 2023 and 2022

Share-Based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of share-based payments is charged to profit or loss with a corresponding credit recorded to reserves. The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

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Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

Fair value through OCI ("FVOCI"): For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. The Company does not have any financial assets designated as FVOCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

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.

Financial liabilities

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. At present, the Company classifies all its financial liabilities as held at amortized cost.

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(Expressed in Canadian Dollars)

For the Years Ended June 30, 2023 and 2022

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets (which include equipment and exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An indication of impairment of mineral property exploration interests is generally considered to have occurred if one of the following factors is present: the right to explore has expired or is near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, and indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the higher of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income Taxes

Current income taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company and its subsidiaries operate and generate taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Deferred income taxes:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation, and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

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Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using the declining balance method to allocate the cost of the assets over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Computer hardware and software	30% declining balance
Drilling and exploration equipment	30% declining balance

Depreciation is recorded pro-rata in the year of acquisition. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The dilution is calculated based upon the net number of common shares issued should "in the money" options and warrants be exercised and the proceeds used to repurchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same as the exercise of stock options and share purchase warrants are considered anti-dilutive.

Adoption of New Pronouncements

There were no new accounting standards, amendments and updates that would either be applicable or have a material effect upon adoption except as below.

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Adoption of New Pronouncements

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment did not have a material impact on the Company.

Accounting Standards Issued But Not Yet Applied

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning on or after January 1, 2023.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments to IAS 1 are not expected to have a significant impact on the Company's consolidated financial statements.

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	Computer Hardware and Software	Drilling and Exploration Equipment	Total
	\$	\$	\$
COST			
Balance at June 30, 2021	16,571	5,187	21,758
Additions	3,209	-	3,209
Balance at June 30, 2022 and 2023	19,780	5,187	24,967
DEPRECIATION			
Balance at June 30, 2021	12,781	3,530	16,311
Depreciation	1,618	496	2,114
Balance at June 30, 2022	14,399	4,026	18,425
Depreciation	1,614	348	1,962
Balance at June 30, 2023	16,013	4,374	20,387
NET CARRYING AMOUNT AS AT			
June 30, 2022	5,381	1,161	6,542
June 30, 2023	3,767	813	4,580

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Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired, or abandoned. The deferred costs associated with each property as at June 30, 2023 and 2022 are summarized in the tables below:

	Lithium Salars	Ranger- Page	Total
	\$	\$	\$
Acquisition costs			
Balance, June 30, 2022	1,656,217	406,814	2,063,031
Acquisition	-	106,014	106,014
Balance, June 30, 2023	1,656,217	512,828	2,169,045
Exploration and evaluation costs			
Balance, June 30, 2022	824,164	402,807	1,226,971
Assays and analysis	-	38,968	38,968
Depreciation (Note 4)	348	-	348
Field supplies and miscellaneous	397	27,894	28,291
Geological consultants	-	94,559	94,559
Geophysics	-	165,128	165,128
Legal and administration	-	82,409	82,409
Taxes and duties	135,898	-	135,898
Travel and accommodation	-	8,182	8,182
Share-based payments	-	58,576	58,576
Balance, June 30, 2023	960,807	878,523	1,839,330
Balance, June 30, 2023	2,617,024	1,391,351	4,008,375

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	Lithium Salars	Ranger- Page	Total
	\$	\$	\$
Acquisition costs			
Balance, June 30, 2021	1,656,217	25,646	1,681,863
Acquisition	-	381,168	381,168
Balance, June 30, 2022	1,656,217	406,814	2,063,031
Exploration and evaluation costs			
Balance, June 30, 2021	628,853	57,097	685,950
Assaying and analysis	-	1,365	1,365
Depreciation (Note 4)	496	-	496
Field supplies and miscellaneous	-	24,810	24,810
Geological consultants	-	73,188	73,188
Geophysics	-	120,676	120,676
Legal and administration	8,934	105,852	114,786
Taxes and duties	185,881	-	185,881
Travel and accommodation	-	19,819	19,819
Balance, June 30, 2022	824,164	402,807	1,226,971
Balance, June 30, 2022	2,480,381	809,621	3,290,002

(a) Lithium - Potassium Salars, Mexico

Pursuant to an agreement dated July 28, 2016 and amended on April 7, 2017 with MKG Mining Mexico, S.A. de C. V. ("MKG"), the Company acquired a 100% interest in lithium, potassium, boron soils, and brine salar assets located in Zacatecas and San Luis Potosi, Mexico, which includes four large concessions containing seven top priority salars namely, Caligüey, La Doncella, Colorada, La Salada, Santa Clara, Saldivar, and Chapala.

The property is subject to a 2% net smelter royalty ("NSR") of which 1% can be purchased by the Company for US\$250,000. The property is also subject to a 0.25% NSR in favour of the finder mentioned above.

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Pursuant to an agreement dated June 15, 2017, the Company entered into an assignment of mining rights and obligations agreement with Hot Spring Mining, S.A. de C.V. ("Hot Spring Mining") to acquire two concessions located in Zacatecas and San Luis Potosi, Mexico. The properties are subject to a 2.5% NSR of which the Company has the right to purchase up to 1.5% for \$1,500,000.

In November 2017, the Company completed the staking and filing of additional mineral claims for this property.

Included in exploration and evaluation costs is VAT receivable of \$35,430 (2022 - \$35,829) at June 30, 2023.

(b) Ranger-Page, USA

On July 20, 2021 and subsequently amended on July 20, 2022, the Company entered into a definitive agreement with Blackhawk Exploration LLC ("Blackhawk") providing the Company with the option to acquire a 100% interest in the past producing Government Gulch Silver project in the Silver Valley, Coeur d'Alene Mining District, Idaho, USA (the "Option"). The Company may exercise the Option by paying US\$650,000 and incurring US\$3,000,000 of exploration expenditures on the property to earn a 75% interest in the property as follows:

- Pay a non-refundable deposit of US\$20,000 upon execution of the binding letter of intent (paid);
- Pay US\$230,000 on or before July 20, 2021 (the "Effective Date") (paid);
- Pay US\$50,000 on or before the second anniversary of the Effective Date plus fourteen days (paid), pay an additional US\$100,000 on or before the second anniversary of the Effective Date not to exceed 130 days, grant surface rights to Blackhawk related to certain mining claims and completing an additional US\$600,000 (completed) of expenditures on the property on or before the first anniversary of the Effective Date;
- Pay US\$250,000 and completing an additional US\$600,000 of expenditures on the property on or before the second anniversary of the Effective Date;
- Completing an additional US\$1,200,000 of expenditures on the property on or before the third anniversary of the Effective Date; and
- Completing an additional US\$600,000 of expenditures on the property on or before the third anniversary of the Effective Date.

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Upon the Company acquiring a 75% interest in the property, the Company shall have the right to either:

- Cause the parties to form a joint venture with terms consistent with the usual industry practice including a provision for a participant's interest to be converted to a 2% NSR if its interest is diluted to less than a 10% interest. The Company has the right, at any time after the NSR takes effect, to purchase one half of the NSR by making a payment of US\$1,000,000 and has the right of first refusal to purchase the remainder of the NSR; or
- Purchase Blackhawk's 25% interest at a price to be negotiated between Blackhawk and the Company with both parties acting diligently and in good faith to arrive at a mutually acceptable purchase price. If the parties do not come to agreement on the purchase price, the Company, at its option, can either pay US\$2,250,000, pay US\$1,000,000 and issue US\$1,250,000 worth of shares of the Company to Blackhawk priced at the 20 day volume weighted average price following the date that the Company elects to purchase Blackhawk's 25% interest or by Blackhawk's request, issue US\$2,250,000 worth of shares of the Company to Blackhawk priced at the 20 day volume weighted average price following the date that the Company elects to purchase Blackhawk's 25% interest.

On November 17, 2021, the Company signed an option agreement with Deadwood Land LLC to acquire the Page Mine which comprise of 49 patented mining claims. For consideration of the rental and option to acquire 100% of the mineral rights of Page Mine, the Company will make a payment of US\$60,000 in Year 1 (paid) and US\$30,000 per annum in Year 2 to Year 10. The Company can purchase 100% of the patented mineral rights for a payment of US\$1,500,000 and all rental payments will be credited towards the option purchase price.

6. LOAN PAYABLE

On April 28, 2020 and August 9, 2021, the Company received a total of \$60,000 under the Canada Emergency Business Account ("CEBA"). The loan is non-interest bearing and no principal repayments are required up to December 31, 2023. If the principal balance of \$40,000 is repaid by December 31, 2023, then the remaining \$20,000 of the principal balance will be forgiven. Any remaining balance after January 1, 2024 will be converted into a three-year term loan with a fixed interest of 5% per annum; monthly interest-only payments and the outstanding balance must be repaid in full by December 31, 2025. Subsequent to year-end, the repayment deadline for CEBA loan to qualify for partial loan forgiveness was extended to January 18, 2024, and the repayment date of the CEBA loan was extended to December 31, 2026.

7. SHARE CAPITAL

Authorized:

Class A common - unlimited
Class B common - unlimited
Common shares - unlimited

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Issued:

Class A common - Nil

Class B common - Nil

Common shares - 48,721,899 shares

(a) Shares issued

During the year ended June 30, 2022, the Company issued a total of 5,330,000 common shares pursuant to the exercise of 5,330,000 warrants at an exercise price of between \$0.075 and \$0.15 per share for total proceeds of \$414,750.

On November 17, 2022, the Company closed the first tranche of a non-brokered private placement and raised aggregate gross proceeds of \$697,284 through issuance of an aggregate of 9,297,114 units of the Company at a price of \$0.075 per unit. Each unit is comprised of one common share of the Company and one purchase warrant. Each warrant is exercisable to acquire an additional common share at a price of \$0.15 per share for 24 months from the date of issue. In connection with closing, the Company paid finder's fees of \$42,461 and issued 598,147 broker warrants at a fair value of \$26,618, each entitling the holder thereof to purchase one common share at an exercise price of \$0.15 per share for 24 months from the date of issue. The fair value of the broker warrants was calculated using the Black-Scholes Option Pricing Model with a share price at issue date of \$0.085; exercise price of \$0.15; expected life of 2 years; expected volatility of 124%; risk free interest rate of 3.88%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On January 3, 2023, the Company closed its final tranche of a non-brokered private placement and raised aggregate gross proceeds of \$270,000 through issuance of an aggregate of 3,600,000 units of the Company at a price of \$0.075 per unit. Each unit is comprised of one common share of the Company and one purchase warrant. Each warrant is exercisable to acquire an additional common share at a price of \$0.15 per share for 24 months from the date of issue. In connection with closing, the Company paid finder's fees of \$26,400 and issued 232,000 broker warrants at a fair value of \$18,052, each entitling the holder thereof to purchase one common share at an exercise price of \$0.15 per share for 24 months from the date of issue. The fair value of the broker warrants was calculated using the Black-Scholes Option Pricing Model with a share price at issue date of \$0.13; exercise price of \$0.15; expected life of 2 years; expected volatility of 122%; risk free interest rate of 3.92%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

(b) Stock options

The Company has adopted an incentive stock option plan for granting options to directors, employees, and consultants. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. Options granted may not exceed a term of five years. All options vest upon grant unless otherwise specified by the Board of Directors.

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Details of stock option transactions for the years ended June 30, 2023 and 2022 are detailed below.

	Number of Options	Weighted Average Exercise Price
		\$
Balance, June 30, 2021	2,749,999	0.26
Granted	740,000	0.20
Expired and forfeited	(549,999)	0.46
Balance, June 30, 2022	2,940,000	0.21
Granted	1,900,000	0.15
Balance, June 30, 2023	4,840,000	0.18

During the year ended June 30, 2021, the Company granted 2,650,000 stock options. These options vest 25% on grant date, then 25% every six months after grant date. The total stock option expense for these options granted is \$653,381, of which \$377,189 is recognized as share-based payments during the year ended June 30, 2021, \$213,153 is recognized as share-based payments during the year ended June 30, 2022 and \$12,593 is recognized as share-based payments during the year ended June 30, 2023.

During the year ended June 30, 2022, the Company granted 740,000 stock options. These options vest 25% on grant date, then 25% every six months after grant date. The total stock option expense for these options granted is \$108,920, of which \$43,892 is recognized as share-based payments during the year ended June 30, 2022 and \$42,398 is recognized as share-based payments during the year ended June 30, 2023.

During the year ended June 30, 2023, the Company granted 1,900,000 stock options. These options vest 25% on grant date, then 25% every six months after grant date. The total stock option expense for these options granted is \$183,350, of which \$124,000 is recognized as share-based payments during the year ended June 30, 2023.

During the year ended June 30, 2023, share-based payments of \$58,576 were allocated to exploration and evaluation assets (Note 5).

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

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
	\$		
February 10, 2026	0.20	2,020,000	2,020,000
April 6, 2026	0.25	300,000	300,000
July 20, 2026	0.20	120,000	120,000
June 21, 2027	0.20	500,000	375,000
January 13, 2028	0.15	1,900,000	475,000
		4,840,000	3,290,000

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The weighted average life of the options outstanding and exercisable at June 30, 2023 is 3.53 years (2022 - 3.88 years).

The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2023	2022
Risk-free interest rate	2.90%	2.55%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Expected stock price volatility	142%	146%
Expected life in years	5.00	5.00

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture, and employee termination within the valuation model. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option and warrant grants.

(c) Warrants

The changes in warrants during the years ended June 30, 2023 and 2022 were as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, June 30, 2021	14,500,000	0.139
Exercised	(5,330,000)	0.078
Expired	(2,420,000)	0.075
Balance, June 30, 2022	6,750,000	0.211
Issued	13,727,261	0.150
Expired	(4,000,000)	0.150
Balance, June 30, 2023	16,477,261	0.175

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Warrants outstanding at June 30, 2023 were as follows:

Expiry Date	Number of Warrants	Exercise Price
		\$
November 17, 2024	9,895,261	0.15 *
January 3, 2025	3,832,000	0.150
March 1, 2025 **	2,750,000	0.300
	16,477,261	

* In June 2023, the Company introduced a warrant exercise incentive program (the "Program") on the warrants in connection with the private placement conducted in November 2022 (the "Eligible Warrants"). Under the Program, if these warrants were exercised prior to July 14, 2023, the warrant holders would receive one additional warrant ("Incentive Warrant") in consideration of early exercise of the Eligible Warrant. Each Incentive Warrant will be exercisable to acquire one common share of the Company at a price of \$0.11 per share for a period of two years from the date of issuance. In the event that the warrant holder does not participate in the Program, the warrant holder may exercise their Eligible Warrants under the original terms. No warrants were exercised under the warrant exercise incentive program prior to July 14, 2023.

** During the year ended June 30, 2023, the Company extended the expiry date of 2,750,000 warrants at an exercise price of \$0.30 per share from March 1, 2023 to March 1, 2025. All other terms of the warrants remain unchanged.

8. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

(a) Compensation of Key Management Personnel

The compensation paid or payable to directors and key management personnel, including fees for administrative, management, accounting, and legal services provided by these related parties, during the years ended June 30, 2023, and 2022, are as follows:

	2023	2022
	\$	\$
Consulting fees	40,191	-
Professional fees	81,532	67,161
Salaries and wages in operating expenses	82,379	89,467
Salaries and wages in exploration and evaluation expenditures	82,379	89,466
Rent expense in operating expenses	17,000	-
Share-based payments	67,193	206,970
	370,674	453,064

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

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(b) Related Party Balances

As of June 30, 2023 and 2022, the Company has the following amounts owed to related parties that are non-interest-bearing, unsecured, and have no specified terms of repayment.

Payee	June 30, 2023	June 30, 2022
	\$	\$
Due to the CEO	7,411	-
Due to a company controlled by the CFO for accounting fees	33,550	34,650
Due to a company controlled by the Director of Corporate Development	6,620	-
Due to an accounting firm controlled by the CFO for accounting fees	14,800	8,500
Due to a company controlled by the Corporate Secretary	14,771	-
Due to former officers and former directors	4,656	4,656
	81,808	47,806

No post-employment benefits, other long-terms benefits, and termination benefits were made during the years ended June 30, 2023 and 2022.

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration activities on its mineral exploration properties; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital (deficiency) and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

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There were no changes in the Company's approach to managing capital during the current year. In order to maintain or adjust the capital structure, the Company considers the following:

- i) Incremental investment and acquisition opportunities;
- ii) Equity and debt capital available from capital markets;
- iii) Equity and debt credit;
- iv) Sale of assets;
- vi) Limiting the size of the investment program; and
- vi) New share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at June 30, 2023 and 2022.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

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

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

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash and cash equivalents and amounts receivable, which are classified as Level 1. The Company's financial liabilities include accounts payable and accrued liabilities and loan payable, which are classified as Level 1.

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Assets measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as at June 30, 2023 and 2022 and are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash and cash equivalents				
June 30, 2023	17,904	-	-	17,904
June 30, 2022	157,177	-	-	157,177
Amounts receivable				
June 30, 2023	1,857	-	-	1,857
June 30, 2022	1,536	-	-	1,536

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at June 30, 2023 and 2022 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying value of the Company's financial instruments:

	June 30, 2023	June 30, 2022
	\$	\$
Financial assets		
Fair value through profit and loss (i)	17,904	157,177
Amortized cost (ii)	1,857	1,536
Financial liabilities		
Amortized cost (iii)	698,000	449,258

- (i) Cash and cash equivalents
- (ii) Amounts receivable, excluding sales taxes receivable
- (iii) Accounts payable and loan payable

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The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk, currency risk, and market risk.

(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. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalent. The Company's cash and cash equivalent are held through a large Canadian financial institution. Management believes the risk of loss to be remote.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In management's opinion, the Company is not exposed to significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. As at June 30, 2023, the Company had cash and cash equivalent on hand of \$17,904 (2022 - \$157,177) available to settle current liabilities of \$698,000 (2022 - \$409,258). Accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Loans payable have contractual maturities of greater than 12 months.

(d) Currency risk

The Company's functional currency is the Canadian dollar. The Company is primarily exposed to currency fluctuations related to accounts payable and accrued liabilities and payment obligations for exploration and evaluation that are denominated in Mexican Pesos and US dollars. As at June 30, 2023, the Company had net current liabilities of \$484,511 (2022 - \$285,791) denominated in Mexican Pesos and net current liabilities of \$7,443 (2022 - \$12,458) denominated in US dollars, translated at 0.07736 pesos to \$1 (2022 - 0.06398) and 1.324 US to \$1 (2022 - \$1.2886), respectively. The Company does not actively manage this risk.

(e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as market prices, foreign exchange rates, and interest rates. In management's opinion, the Company is not exposed to significant market risk.

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11. SEGMENTED INFORMATION

The Company currently operates in three geographical operating segments, the exploration of mineral properties in Canada, USA, and Mexico. Management of the Company makes decisions about allocating resources based on the operating segments. A geographic summary of identifiable long-term assets by country is as follows:

As at June 30, 2023				
	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Equipment	3,767	-	813	4,580
Exploration and evaluation assets	-	1,391,351	2,617,024	4,008,375

As at June 30, 2022				
	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Equipment	5,381	-	1,161	6,542
Exploration and evaluation assets	-	809,621	2,480,381	3,290,002

12. INCOME TAXES

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are expected to reverse. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	2023	2022
	\$	\$
Non capital losses	6,010,000	5,930,000
Exploration and evaluation assets	590,000	590,000
Share issuance costs	6,000	6,000
Capital assets	50,000	50,000
Unrecognized deferred income tax assets	(6,656,000)	(6,576,000)
Net deferred income tax assets	-	-

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The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates at 27% (2022 - 27%) to the amount reported in these consolidated financial statements:

	2023	2022
	\$	\$
Income tax recovery at statutory rate	(203,000)	(215,000)
Non-deductible items	33,000	70,000
Income tax rate difference	7,000	(1,000)
Under/over provided in prior years	(3,000)	(3,000)
Change in unrecognized deferred income tax assets	166,000	149,000
Income tax recovery	-	-

As at June 30, 2023, the amount of deductible temporary differences for which no deferred tax asset is recognized in the consolidated statements of financial position is mainly the Company's non-capital losses carried forward of approximately \$6,188,000 which are available to offset future years' taxable income earned in Canada, \$394,000 losses carried forward in Mexico, and \$105,000 losses carried forward in the United States. Any losses incurred in Mexico are carried forward until utilized. The losses incurred in Canada expire as follows:

	\$
2034	124,000
2035	235,000
2036	244,000
2037	2,542,000
2038	817,000
2039	526,000
2040	359,000
2041	365,000
2042	480,000
2043	493,000
	<u>6,188,000</u>

13. SUBSEQUENT EVENTS

In August 2023, the Company closed its first and second tranche of non-brokered private placements and raised aggregate gross proceeds of \$685,874 through issuance of an aggregate of 6,858,741 common shares of the Company at a price of \$0.10 per share. In connection with closing, the Company paid finder's fees of \$13,600.