# Annual Report

# President's Message

Dear Shareholders;

CANEX Metals is pleased to report substantial progress at the Company's Gold Range property, located in Northern Arizona's tier one mining jurisdiction. This district is emerging as an important near surface oxide heap-leach style bulk-tonnage gold opportunity. During 2022 CANEX undertook 2 drill campaigns, conducted surface sampling and mapping over large areas, and added additional claims through staking and purchase agreements.

Multiple significant discoveries were made during 2022 at Shaft, Central, WestGold, and the Excelsior Expansion Zone. Hole GR22-110 testing the Shaft Target returned 27.4 metres grading 1.1 g/t gold, demonstrating strong gold mineralization at the mostly covered and largely untested Shaft Target. Hole GR22-91 at the Central Zone returned 9.15 metres grading 0.7 g/t gold and a second interval of 18.3 metres grading 0.6 g/t gold, highlighting the potential of the 1.5 kilometre long Central Zone gold-in-soil anomaly. Surface work during 2022 identified a 400 metre by 125 metre gold-in-soil anomaly at the WestGold Target with gold in soil values ranging from 0.1 to 0.6 g/t gold. This represents the strongest gold in soil anomaly identified on the property to date, and the first drill test of the zone was conducted in April 2023. At the Excelsior Extension Zone multiple mineralized zones running parallel to the Excelsior Zone have been identified, and were drill also tested in April 2023.

Highlights of 2022 drilling include hole GR22-81 which tested the Excelsior Zone and intersected 48.8 metres grading 1.0 g/t gold including a high-grade intercept of 1.5 metres grading 9.7 g/t gold. Hole GR22-83 intersected 44.2 metres grading 0.9 g/t gold including 10.7 metres grading 2.7 g/t gold. Strong exploration results continue to validate and de-risk Gold Range's exploration targets, with a 3.2 kilometre long mineralized target identified across the southern part of the claim block which has been expanding with each new exploration program. The Excelsior Zone is the most advanced target along the trend and is showing good potential for high grade heap-leach style mineralization, returning 35.1 metres grading 1.6 g/t gold, 24.2 metres grading 2.2 g/t gold, and 4.6 metres grading 8.2 g/t gold.

During the coming year, the Company intends to continue aggressively advancing the Gold Range property; further exploring the bigger scale potential of the Gold Range gold system through targeted drilling. As of April, 2023, a drill program focused on testing new exploration targets and expanding the Excelsior Zone along strike to the northeast is underway.

Respectfully submitted on behalf of the Board of Directors

*"Shane Ebert"*

Shane Ebert, Ph.D., P.Geo.
President

# CANEX Metals Inc.

## Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2022 and 2021

| **Contents** | **Page** |
|---|---|
| Auditor's Report | 2 |
| Consolidated Statements of Financial Position | 5 |
| Consolidated Statements of Loss and Comprehensive Loss | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Consolidated Statement of Changes in Equity | 8 |
| Notes to the Consolidated Financial Statements | 9 |

Tel: 403 266 5608
Fax: 403 233 7833
**www.bdo.ca**

BDO Canada LLP
903 – 8th Avenue SW, Suite 620
Calgary AB  T2P 0P7
Canada

# Independent Auditor's Report

To the Shareholders of CANEX Metals Inc.:

## Opinion

We have audited the consolidated financial statements of CANEX Metals Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at September 30, 2022 and September 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 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 Group incurred a net loss of $767,455 during the year ended September 30, 2022 and, as of that date, accumulated deficit of $17,020,963. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our 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 the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRSs, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 Group 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.

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

Chartered Professional Accountants

Calgary, Alberta
December 19, 2022

# CANEX Metals Inc.

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)
As at September 30

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash (Note 5) | **$** | **1,458,563** | $ | 1,198,099 |
| Accounts receivable (Note 6) | | **6,300** | | 5,248 |
| Prepaid expenses | | **36,209** | | 70,417 |
| Short-term investments (Note 7) | | **309,842** | | 619,686 |
| | | **1,810,914** | | 1,893,450 |
| **Non-current Assets** | | | | |
| Exploration and evaluation asset advances and deposits (Note 8) | | **42,966** | | 37,874 |
| Exploration and evaluation assets (Note 8) | | **3,913,041** | | 1,947,701 |
| Equipment (Note 9) | | **-** | | 30 |
| | | **3,956,007** | | 1,985,605 |
| **TOTAL ASSETS** | **$** | **5,766,921** | $ | 3,879,055 |
| **EQUITY AND LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued liabilities (Note 10) | **$** | **93,180** | $ | 186,395 |
| **Non-current Liabilities** | | | | |
| Decommissioning obligation (Note 11) | | **51,906** | | 47,306 |
| **TOTAL LIABILITIES** | | **145,086** | | 233,701 |
| **EQUITY** | | | | |
| Share capital (Note 12) | | **20,431,391** | | 17,789,834 |
| Reserves | | **2,225,314** | | 2,109,028 |
| Deficit | | **(17,034,870)** | | (16,253,508) |
| **TOTAL EQUITY** | | **5,621,835** | | 3,645,354 |
| **TOTAL EQUITY AND LIABILITIES** | **$** | **5,766,921** | $ | 3,879,055 |

**Nature of operations and continuance of operations** (Note 1)
**Subsequent events** (Note 23)

**Approved by the Board**

**"Shane Ebert"** **Director**

**"Jean-Pierre Jutras"** **Director**

See accompanying notes to consolidated financial statements.

# CANEX Metals Inc.

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)
For the years ended September 30

| | | **2022** | | 2021 |
|---|---|---|---|---|
| **Expenses** | | | | |
| General and administrative (Note 14) | **$** | **(638,669)** | $ | (449,531) |
| Reporting to shareholders | | **(19,493)** | | (18,466) |
| Professional fees | | **(42,268)** | | (44,435) |
| Stock exchange and transfer agent fees | | **(12,768)** | | (12,348) |
| Depreciation | | **(30)** | | (18) |
| Impairment (Note 8) | | **-** | | (473,527) |
| **Loss before other items** | | **(713,228)** | | (998,325) |
| **Other items** | | | | |
| Dividend income | | **231,232** | | - |
| Interest and other | | **3,127** | | 2,769 |
| (Loss) gain from short-term investments | | **(302,493)** | | 190,041 |
| | | **(68,134)** | | 192,810 |
| **Net loss and comprehensive loss for the year** | **$** | **(781,362)** | $ | (805,515) |
| **Basic and diluted loss per share** (Note 16) | **$** | **(0.01)** | $ | (0.01) |
| **Weighted average shares outstanding - basic and diluted** (Note 16) | | **80,617,331** | | 68,164,460 |

See accompanying notes to the consolidated financial statements.

# CANEX Metals Inc.

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
For the years ended September 30

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **Increase in cash and cash equivalents** | | | | |
| **Operating activities** | | | | |
| Cash paid to suppliers and contractors (Note 19) | $ | **(528,571)** | $ | (481,982) |
| **Cash used in operating activities** | | **(528,571)** | | (481,982) |
| **Investing activities** | | | | |
| Interest and other items (expended) received | | **3,127** | | 2,769 |
| Cash received on sale of short-term investments | | **238,583** | | 121,626 |
| Cash received from government grants | | **-** | | 4,450 |
| Cash expended on exploration and evaluation assets (Note 19) | | **(2,066,388)** | | (797,342) |
| Cash expended on exploration advances and deposits | | **(5,092)** | | - |
| **Cash used by investing activities** | | **(1,829,770)** | | (668,497) |
| **Financing activities** | | | | |
| Share capital and warrant issue proceeds | | **2,500,021** | | 1,700,000 |
| Options exercised | | **24,000** | | - |
| Warrants exercised | | **112,670** | | 230,000 |
| Cash share issuance and transaction costs | | **(17,886)** | | (30,400) |
| **Cash provided by financing activities** | | **2,618,805** | | 1,899,600 |
| **Increase in cash and cash equivalents** | | **260,464** | | 749,121 |
| **Cash (Note 5):** | | | | |
| **Beginning of period** | | **1,198,099** | | 448,978 |
| **End of period** | **$** | **1,458,563** | $ | 1,198,099 |

**Supplementary information:**
**Interest and taxes**

No cash was expended on interest or taxes during the years ended September 30, 2022 and September 30, 2021.

**Non-cash transactions**

**2022**

During the year ended September 30, 2022, the Company received a dividend in-kind of 79,188 common shares of Canada Nickel Company Inc. ("Canada Nickel" or "CNC") valued at $2.92 per share for a total value of $231,232. Refer to Note 7 – "Short-term investments" for more information regarding this transaction. The Company also granted 1,525,000 stock options to officers, directors and consultants and recorded a non-cash charge for stock based payments of $139,038 that is included in general and administrative expenses (Note 14). Refer to Note 15 – "Share-based payment transactions" for further information.

**2021**

During the year ended September 30, 2021, the Company issued 185,185 common shares valued at $25,000 pursuant to an option agreement on the Gibson property. Additionally, the Company issued 750,000 common shares pursuant to an option agreement on the Gold Range Property. (See Note 8 – "Exploration and evaluation assets" for more information). The Company granted stock options to officers, directors and consultants and recorded a non-cash charge for stock-based payments of $74,749 that is included in general and administrative expenses (Note 14). Refer to Note 15 – "Share-based compensation transactions" for further information.

See accompanying notes to the consolidated financial statements.

# CANEX Metals Inc.

## Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

As at September 30

| | | Reserves | | | | | |
|---|---|---|---|---|---|---|---|
| | Common share capital | Equity settled share based payments | Warrants | Other Reserves* | Total Reserves | Deficit | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **Balance, September 30, 2020** | **15,747,739** | **147,408** | **33,914** | **1,886,077** | **2,067,399** | **(15,447,993)** | **2,367,145** |
| Net and comprehensive loss for the year | - | - | - | - | - | (805,515) | (805,515) |
| Warrants exercised | 230,000 | - | - | - | - | - | 230,000 |
| Share issuance – January 2021 | 1,700,000 | - | - | - | - | - | 1,700,000 |
| Share issuance – property acquisition (Note 8) | 25,000 | - | - | - | - | - | 25,000 |
| Warrants expired – March 2021 | 33,120 | - | (33,120) | - | (33,120) | - | - |
| Share issuance – property acquisition (Note 8) | 84,375 | - | - | - | - | - | 84,375 |
| Options issued – July 2021 | - | 74,749 | - | - | 74,749 | - | 74,749 |
| Share issuance costs | (30,400) | - | - | - | - | - | (30,400) |
| **Balance, September 30, 2021** | **17,789,834** | **222,157** | **794** | **1,886,077** | **2,109,028** | **(16,253,508)** | **3,645,354** |
| Net and comprehensive loss for the year | - | - | - | - | - | (781,362) | (781,362) |
| Warrants exercised - April 2022 | 40,000 | - | - | - | - | - | 40,000 |
| Options issued – May 2022 | - | 139,038 | - | - | 139,038 | - | 139,038 |
| Share issuance – May 2022 | 2,500,021 | - | - | - | - | - | 2,500,021 |
| Warrants exercised – May 2022 | 10,666 | - | - | - | - | - | 10,666 |
| Warrants exercised – June 2022 | 62,798 | - | (794) | - | (794) | - | 62,004 |
| Options exercised – June 2022 | 45,958 | (21,958) | - | - | (21,958) | - | 24,000 |
| Options expired – July 2022 | - | (28,819) | - | 28,819 | - | - | - |
| Share issuance costs | (17,886) | - | - | - | - | - | (17,886) |
| **Balance, September 30, 2022** | **20,431,391** | **310,418** | **-** | **1,914,896** | **2,225,314** | **(17,034,870)** | **5,621,835** |

*Other reserves is comprised of the aggregate of options and warrants that expired or were fully vested and forfeited without exercise. These values were relieved from common share capital, share based payment reserve and warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the consolidated financial statements

### 1. Nature of operations and continuance of operations

CANEX Metals Inc. ("CANEX" or the "Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. The address of its primary office is Suite 815, 808 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol CANX.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether its mineral exploration properties contain ore reserves that are economically recoverable.

The Company incurred a net loss of $781,362 during the year ended September 30, 2022. The Company has a deficit of $17,034,870 at September 30, 2022 and a working capital surplus of $1,717,734. Operating expenses beyond September 30, 2023, increases in expenditures over budget for the twelve month period ended September 30, 2023, exploration programs and new property acquisitions will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Company be unable to continue as a going concern.

### 2. Basis of presentation

#### a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC"), effective for the periods ended September 30, 2022 and 2021, using the significant accounting policies outlined in Note 3. The consolidated statements were authorized for issue by the board of directors on December 19, 2022.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 13 and decommissioning obligation described in Note 11. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

#### b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary, Canexco Inc. (“Canexco”). Canexco was incorporated by the Company on June 5, 2019 in Arizona, USA, to conduct its exploration and development business in the USA, (refer to Note 8 - “Exploration and evaluation assets” for more information). All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

### 3. Significant accounting polices

#### a) New accounting policies

CANEX did not adopt any new accounting policies during the year ended September 30, 2022.

**3. Significant accounting polices** (continued)

**b) Financial Instruments**

The Company's financial instruments consist of the following:

| **Financial Assets** | **Classification** |
|---|---|
| Cash | Financial asset measured at amortized cost |
| Accounts receivable | Financial asset measured at amortized cost |
| Short-term investments | Financial asset measured at fair value |

| **Financial Liabilities** | **Classification** |
|---|---|
| Accounts payable and accrued liabilities | Financial liabilities measured at amortized cost |

The Company records financial assets initially at fair value and subsequently measures these financial assets at either amortized cost or fair value on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the financial asset is not measured at amortized cost as per the above, the financial asset is measured at fair value.

**Financial assets measured at fair value**
Financial assets measured at fair value are carried at fair value at each period end, with the related gains and losses recognized in profit or loss. The sale of equity investments is accounted for using trade date accounting.

**Financial assets measured at amortized cost**
Financial assets measured at amortized cost are recorded at fair value upon initial recognition, plus any applicable transaction costs that are directly attributable to the acquisition of the financial asset, and subsequently carried at amortized cost, using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost is recognized in profit or loss when the financial asset is derecognized, impaired, or reclassified.

**Financial liabilities measured at amortized cost**
Financial liabilities measured at amortized cost are recorded at fair value upon initial recognition, less any applicable transaction costs that are directly attributable to the acquisition of the financial liability, and are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial liability that is measured at amortized cost is recognized in profit or loss when the financial liability is derecognized.

**Impairment of financial assets**
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost using the "simplified method". At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss as an impairment gain or loss, the amount of expected

**3. Significant accounting polices** (continued)
**b) Financial Instruments** (continued)

credit losses that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The carrying amount of financial assets is reduced by any impairment loss directly except in the case of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of accounts receivable previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings.

If, in a subsequent period, the amount of the impairment loss decreases for financial assets except accounts receivable, and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined had no impairment loss been recognized in prior years.

**Cash**
Cash includes cash held in Canadian dollar and US dollar current accounts, highly liquid Canadian dollar denominated investments in bankers' acceptances or term deposits, with terms to maturity of 90 days or less when acquired and cash held in short-term investment accounts. The counter-parties are financial institutions.

**c) Provisions**

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation discounted using the pre-tax, risk-free rate, updated at each reporting date.

**d) Decommissioning obligation**

Decommissioning obligation includes obligations related to future removal of property and equipment, and site restoration costs. A liability, for the fair value of environmental and site restoration obligations, is recorded in accordance with the broader policy described in "c) Provisions" above. Provisions for restoration costs do not include any additional obligations that are expected to arise from future disturbance. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to earnings in a systematic manner. Other movements in the provision, including those from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalized to exploration and evaluation assets. The amounts included in capitalized costs are depleted using the unit-of-production method at such point that the mineral property achieves commercial production, or the costs will be written-off at such time that management considers that the value of the related property has been impaired.

**e) Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral properties. The Company capitalizes costs directly related to the acquisition, exploration and evaluation of mineral properties. Such costs include, but are not restricted to, geological, geophysical, drilling, trenching and sampling costs including the support costs and supplies required in relation thereto. These assets are recorded at cost as adjusted for impairments in value. Impairment is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. In assessing impairment, exploration and evaluation assets are grouped into Cash Generating Units ("CGU's"), on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals,

**3. Significant accounting polices** (continued)
**e) Exploration and evaluation assets** (continued)

into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and a CGU.

Exploration and evaluation assets are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use" (being the net present value of expected future cash flows of the relevant cash generating unit ("CGU"), or "fair value less costs to sell". Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the assets in an arm's length transaction.

The discount rate applied in calculating net present value of expected future cash flows, is based upon pre-tax discount rates that reflect current market assessments of the time value of money and the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

If the carrying amount of the asset exceeds its recoverable amount, the asset impairment loss is charged to earnings and reduces the carrying amount of the asset. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally precipitated the impairment. This reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that an impairment had occurred. An example of such a situation might include, but not be limited to, the re-commencement of exploration activity on a mineral property due to a significant change in commodity prices.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Where the Company's exploration commitments for a CGU are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the CGU to the extent of costs incurred. The excess, if any, is credited to operations. Option payments made by the Company are recorded as exploration and evaluation assets. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. The proceeds on the sale of exploration and evaluation assets are applied to the area of interest to the extent of costs incurred and the excess, if any, is credited to operations. In some circumstances option payments received by or made by the Company are made in whole or in part through the issuance of common shares. The value of these share-based payments is calculated using the closing price of the shares on the date of issue as determined by the public exchange upon which they are listed as this is the most readily determinable value.

**3. Significant accounting polices** (continued)
**e) Exploration and evaluation assets** (continued)

When the Company enters the development stage for a CGU, the exploration and evaluation costs are transferred into mine development costs and all subsequent expenditures on the construction, installation or completion of infrastructure net of incidental revenue, is capitalized. Upon commencement of commercial production, all mine development assets for the relevant CGU are transferred to producing mine assets at which point the costs will commence being charged to earnings on a unit-of-production basis.

**f) Equipment**

On initial recognition, equipment assets are valued at cost, being the purchase price plus the directly attributable costs of acquisition to bring the assets to the location and condition necessary for the assets to be put into use. Subsequent to acquisition, these assets are recorded at cost less accumulated depreciation. Depreciation methods and rates by significant categories of property and equipment that are calculated to write off the cost of the assets, less estimated residual values, over their useful lives. The method and rates used by category are as follows:

| | Depreciation method | Depreciation rate |
|---|---|---|
| Computer equipment and software | Declining balance | 50% |

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to estimated residual values or useful lives are accounted for prospectively as a change in estimates.

Equipment is reviewed for impairment if there is an indication that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use" (being the net present value of expected future cash flows of the relevant cash generating unit ("CGU"), or "fair value less costs to sell"). Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the assets in an arm's length transaction.

When calculating “value in use”, the discount rate applied in calculating net present value of expected future cash flows, is based upon pre-tax discount rates that reflect current market assessments of the time value of money and the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

If the carrying amount of the asset exceeds its recoverable amount, the asset impairment loss is charged to earnings and reduces the carrying amount of the asset. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally precipitated the impairment. This reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

Gains or losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains and losses in the statements of loss and comprehensive income (loss).

**g) Gains and losses on short-term investments**

The Company maintains an investment portfolio of publicly traded securities. These investments are recorded at fair value at year end and differences are recorded in income.

**3. Significant accounting polices** (continued)

**h) Foreign currencies**

Both the presentation currency and functional currency of the Company is the Canadian dollar. The functional currency of its wholly owned US subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statements of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

**i) Share-based payment transactions**

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity-settled share based payment reserve in equity. Employees, for the purpose of this calculation, also include individuals who provide services similar to those performed by a direct employee, including directors and consultants of the Company. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share based payment amount is transferred to share capital. If options expire or are cancelled without being exercised, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

**j) Loss per share**

Basic loss per common share is computed by dividing the net earnings loss attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Only “in-the-money” dilutive instruments impact the dilution calculations and potentially dilutive instruments shall only be treated as dilutive when their conversion increases loss per share. Refer to Note 12 for a summary of options and warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the calculation in the periods disclosed because their effect was anti-dilutive**.** Refer to Note 16 for calculations of loss per share.

**k) Income taxes**

Income tax on net earnings or loss for the periods presented is comprised of current and deferred tax as applicable. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings. Income tax pertaining to earnings or loss is recognized in earnings or loss; income taxes pertaining to items recognized directly in equity is recorded through equity. Current tax is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill, not deductible for tax purposes, and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will

**3. Significant accounting polices** (continued)
**k) Income taxes** (continued)

reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

**l) Leases**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term. The Company leases office space pursuant to a sublease agreement that meets the exception critera noted above and therefore the lease obligations are recognized as an expense on a straight-line basis over the term of the lease.

**m) Government incentives**

Through its exploration, the Company has benefited from government grants. These incentives are not repayable provided that the Company meets the requirements of the agreement, the most significant of which is that the incentives apply to qualifying expenditures. Qualifying expenditures are defined broadly within the agreement as all reasonable expenses for contracted services, machinery rental, transportation of machinery, personnel and supplies or other approved costs in connection with specific exploration programs. The government grants are recognized when there is reasonable assurance that the Company will comply with the conditions of the grant and the grants will be received. The incentives reduce the mineral property costs to which they pertain in the period that the qualifying exploration expenditures are incurred or when collectability is reasonably assured if this is later. These government incentives are subject to review by the relevant granting authorities, and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the period during which the final grant payment amount is assessed by the governing agency.

**n) Valuation of equity units issued in private placements**

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares and warrants are classified as equity instruments. The fair value of common share units issued in private placements is measured using the closing bid price on the announcement date. The full amount of each share unit is allocated to share capital; the Company does not value warrants separately with respect to the measurent of shares and warrants issued a private placement units.

**4. Critical accounting judgments and estimates**

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of estimates.

These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods if the revision affects both current and future periods. These estimates

(Expressed in Canadian Dollars)

### 4. Critical accounting judgments and estimates (continued)

are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical estimates include:

a) The carrying values of exploration and evaluation assets that are included in the statement of financial position, including the assumptions that are incorporated into the impairment assessments, and the amount of impairments that are included in the statement of loss and comprehensive loss. (Refer to Note 1 - "Nature of operations and continuance of operations")
b) The estimate of the amount of asset retirement obligation and the inputs used in determining the net present value of the liabilities for asset retirement obligations included in the statement of financial position.
c) The estimated fair value of share purchase options and broker warrants requires determining the most appropriate model as well as the applicable inputs.
d) Judgment is required in determining whether or not deferred tax assets are recognized on the statement of financial position.
e) Estimates are required in determining the amount of government incentives. Judgment is also required to determine the recoverability of the government incentives.
f) Management's assessment of the Company's ability to continue as a going concern involves making judgements as to whether suitable conditions and events exist to support the Company's future operations and is reassessed at each reporting period.

### 5. Cash

Cash is comprised of:

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Current bank accounts | $ | 1,440,507 | $ | 881,132 |
| Cash held in foreign currencies | | 18,056 | | 316,967 |
| | $ | 1,458,563 | $ | 1,198,099 |

### 6. Accounts receivable

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Due from related parties | $ | 18 | $ | 237 |
| Sales tax receivables | | 6,282 | | 5,011 |
| | $ | 6,300 | $ | 5,248 |

### 7. Short-term investments

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| **Spruce Ridge Resources Ltd. Common shares** | $ | 309,842 | $ | 619,686 |

The 5,633,500 common shares of Spruce Ridge Resources Ltd., were valued at their fair value, based on their respective period-end trading prices, at September 30, 2022 and September 30, 2021, resulting in an unrealized loss of $309,843 and gain of $138,330 at each respective year end.

On October 22, 2021, Spruce Ridge declared a dividend in-kind of common shares of Canada Nickel that was payable on or before November 5, 2021. The dividend was paid on October 29, 2021, to shareholders of Spruce Ridge at the close of business on October 29, 2021, the record date. One Canada Nickel share was paid under the dividend declared for every 71.14 Spruce Ridge shares held. At October 29, 2021, the Company held 5,633,500 Spruce Ridge shares. As a result, the Company received a dividend of 79,189 Canada Nickel shares at $2.92 per share valued on October 29, 2021, for a total value of $231,232. During the year ended September 30, 2022, the Company sold 100% of its Canada Nickel holdings for net proceeds of $238,583, incurring a realized gain on the sale of $7,350.

(Expressed in Canadian Dollars)

**7. Short-term investments** (continued)

During the year ended September 30, 2021, the Company disposed of 20,000 Commander Resources Ltd. shares, 31,500 Maple Gold Mines Ltd. Shares and 54,867 Canada Nickel Co. Inc. shares for net cash proceeds of $2,540, $10,560 and $108,526 respectively, incurring a realized gain of $51,711.

**8. Exploration and evaluation assets**

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in *Note 3 (e) "Exploration and evaluation assets"*. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company's ability to recover its costs through a disposition of its interests in its mineral exploration properties.

**Gold Range Property, Arizona, USA**

On June 11, 2019, the Company's wholly-owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the "Optionor". The Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make options payments and minimum exploration expenditures totaling US$90,000 and US$80,000 over four years, respectively. On June 11, 2019, the Company paid US$10,000 ($13,405), on June 6, 2020, the Company paid US$15,000 ($20,306), on June 1, 2021, the Company paid US$15,000 ($18,423) and on June 2, 2022, the Company paid US$20,000 ($25,536) in accordance with the agreement. The Company met its minimum exploration expenditure commitment during the year ended September 30, 2020. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$1,000,000.

As at September 30, 2022, under the terms of the Agreement, the Company is committed to the following cash payments:

| | Option Payments |
|---|---|
| **Due date** | **US$** |
| June 11, 2023 | 30,000 |

The remaining committed option payments of US$30,000 would equate to $41,121 using the September 29, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $4,112.

On February 24, 2020, the Company's wholly-owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Never Get Left Claim, Mohave County, Arizona, USA from Onyx Exploration Inc., the "Optionor" which is adjacent to the Company's Pit Zone target on the Gold Range Property. The Never Get Left Claim, under option, is comprised of one staked lode mineral claim with a total area of 20.99 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company is committed to make options payments totaling US$90,000 over four years. On February 24, 2020, the Company paid US$10,000 ($13,397), on February 18, 2021, the Company paid US$15,000 ($19,063), and on February 10, 2022, the Company paid US$15,000 ($18,993) in accordance with the agreement. In addition, the Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half can be bought back for US$500,000. Additionally,

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets** (continued)
**Gold Range Property, Arizona, USA** (continued)

the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor's claim.

As at September 30, 2022, under the terms of the Agreement, the Company is committed to the following cash payments:

| **Due date** | **Option Payments US$** |
|---|---|
| February 24, 2023 | 20,000 |
| February 24, 2024 | 30,000 |
| **Total committed cash payments** | 50,000 |

The remaining committed option payments of US$50,000 would equate to $68,535 using the September 29, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $6,854.

On January 12, 2021, the Company and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor over 3 stages. The definitive agreement was signed on June 2, 2021 and received TSXV approval on June 17, 2021. During stage 1, CANEX can earn a 25% interest in the Property by issuing 750,000 common shares of CANEX and spending US$500,000 on exploration. During stage 2, CANEX can earn 51% interest in the Property by issuing 1 million shares of CANEX, spending US$2,000,000 and paying a bonus payment equivalent to 1% of the gold price on recoverable gold equivalent ounces defined in the measured and indicated resource categories. Stages 1 and 2 must be completed over 2.5 years (refer to Note 23) – "Subseqent events" b) for further information). On June 25, 2021, the Company issued 750,000 common shares valued at $84,375, in accordance with the agreement.

During stage 3 CANEX can earn a 90% interest in the Property by issuing 1,000,000 CANEX shares and spending US$2,000,000 on exploration and development including an economic study. To complete the stage 3 earn in, CANEX must make another bonus payment to the Vendors equivalent to 1.5% of the gold price on recoverable gold equivalent ounces defined in the proven and probable reserve categories.

CANEX has 2 years to complete the stage 3 earn in once Stage 2 is complete. Once CANEX has earned a 90% interest in the Property, the Vendors can elect to maintain their 10% ownership by contributing their 10% share to exploration and development or to give up 100% ownership to CANEX and revert to a 1.5% NSR.

As at September 30, 2022, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

| | **Option payments (Common Shares)** | **Minimum exploration expenditures (US$)** | **Earn in on completion of obligation (%)** |
|---|---|---|---|
| Stage 1 | 750,000 | 500,000 | 25 |
| Stage 2 | 1,000,000 | 2,000,000 | 26 |
| Stage 3 | 1,000,000 | 2,000,000 | 39 |
| Total | 2,750,000 | 4,500,000 | 90 |
| Less obligations fulfilled to September 30, 2022 | (750,000) | (1,473,700) | - |
| Total remaining commitments at September 30, 2022 | 2,000,000 | 3,026,300 | |

**8. Exploration and evaluation assets** (continued)

**Gold Range Property, Arizona, USA** (continued)

The remaining committed minimum exploration expenditures of US$3,026,300 equate to $4,148,149 using the September 29, 2022 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments of $414,815.

As at September 30, 2022, the Company holds 243 lode mining claims and 2 patented claims (1,504 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted above as well as staking. The gross costs and impairments recorded to the Gold Range Property at September 30, 2022 are $3,913,041 and $Nil respectively (September 30, 2021 - $1,947,701 and $Nil).

**Gibson Prospect, British Columbia**

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly held subsidiary of Altius Minerals Corp. (TSX: ALS), which is an arm's length party. Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The option purchase agreement (the "Agreement") was executed on May 12, 2017; and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott, an arm's length party (the "Underlying Agreement").

Under the terms of the Agreement, the Company is committed to issue a maximum of 3,545,000 common shares to Altius in three stages plus incur minimum exploration expenditures up to $500,000 within 18 months, and make $90,000 in cash or share equivalent payments to Steven Scott. Upon approval of the Agreement, the Company issued 1,125,000 common shares to Altius valued at $78,750 and paid $5,000 to Steven Scott. On February 14, 2018, the Company paid $15,000 to Steven Scott pursuant to the Underlying Agreement. On October 5, 2018, the Company issued 1,180,000 common shares to Altius valued at $82,600 pursuant to the Agreement. On February 21, 2019, the Company issued 400,000 common shares to Steven Scott valued at $20,000, on February 27, 2020, the Company issued 121,951 shares to Steven Scott valued at $25,000 and on February 26, 2021, the Company issued 185,185 common shares to Steven Scott valued at $25,000 pursuant to the Underlying Agreement. Under the terms of the underlying agreement with Steven Scott, effective February 26, 2021, the Company fulfilled its obligations with respect to cash or cash equivalent payments and minimum exploration expenditures. On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018 to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures within the allotted time. The Company was subsequently granted further extensions to meet its minimum exploration expenditures of $500,000. The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2023. All other terms of the agreement remain unchanged. As at September 30, 2021, the Company determined that further exploration of the Gibson Prospect would not be a priority unless a third party partner could be found to further the exploration program. However, the Company, will continue to hold property claims which will expire January 2029. Accordingly, the Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. The gross costs and impairments recorded to the Gibson Prospect as at September 30, 2022 are $Nil and $Nil respectively (September 30, 2021 - $473,527 and $473,527).

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets** (continued)

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2022 and September 30, 2021 appear below:

| | Arizona, USA |
|---|---|
| **Year ended September 30, 2022** | **Gold Range Property** |
| | **$** |
| **Exploration expenditures:** | |
| Balance, September 30, 2021 | 1,587,159 |
| Geological consulting | 214,979 |
| Field costs | 30,163 |
| Equipment rental | 1,932 |
| Travel | 89,319 |
| Geochemical | 535,707 |
| Drilling | 956,050 |
| Decommissioning | 4,600 |
| **Balance, September 30, 2022** | **3,419,909** |
| **Property acquisition costs** | |
| Balance, September 30, 2021 | 360,542 |
| Acquisition costs incurred | 132,590 |
| **Balance, September 30, 2022** | **493,132** |
| **Total exploration and evaluation assets, September 30, 2022** | **3,913,041** |

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets** (continued)

| | | British Columbia | Arizona, USA |
|---|---|---|---|
| **Year ended September 30, 2021** | **Total** | **Gibson Property** | **Gold Range Property** |
| | **$** | **$** | **$** |
| **Exploration expenditures:** | | | |
| Balance, September 30, 2020 | **1,026,751** | 220,531 | 806,220 |
| Geological consulting | **152,538** | - | 152,538 |
| Field costs | **31,246** | - | 31,246 |
| Travel | **20,887** | - | 20,887 |
| Equipment rental | **3,674** | - | 3,674 |
| Geochemical | **178,710** | - | 178,710 |
| Excavating | **8,367** | - | 8,367 |
| Geophysical survey | **192** | - | 192 |
| Drilling | **371,319** | - | 371,319 |
| Decommissioning | **14,006** | - | 14,006 |
| Impairment | **(220,531)** | (220,531) | - |
| **Balance, September 30, 2021** | **1,587,159** | **-** | **1,587,159** |
| **Property acquisition costs** | | | |
| Balance, September 30, 2020 | **384,853** | 227,496 | 157,357 |
| Acquisition costs incurred | **228,685** | 25,500 | 203,185 |
| Impairment | **(252,996)** | (252,996) | - |
| **Balance, September 30, 2021** | **360,542** | **-** | **360,542** |
| **Total exploration and evaluation assets, September 30, 2021** | **1,947,701** | **-** | **1,947,701** |

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At September 30, 2022, the Company held $10,000 in respect of the Gibson Prospect and $32,966 in respect of the Gold Range Project in exploration and evaluation asset advances and deposits (September 30, 2021 - $10,000 and $27,874 respectively).

**9. Equipment**

| **Computer equipment and software** | | **Sept 30, 2022** | | **Sept 30, 2021** |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance, beginning and end of year** | **$** | **9,685** | $ | 9,685 |
| **Accumulated depreciation** | | | | |
| Balance, beginning of period | | **9,655** | | 9,637 |
| Depreciation | | **30** | | 18 |
| **Balance, end of year** | | **9,685** | | 9,655 |
| **Net book value** | **$** | **-** | $ | 30 |

(Expressed in Canadian Dollars)

### 10. Accounts payable and accrued liabilities

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Trade payables | **$** | **45,064** | $ | 140,738 |
| Due to related parties | | **20,615** | | 18,146 |
| Accrued liabilities | | **27,500** | | 27,500 |
| Commodity taxes payable | | **1** | | 11 |
| | **$** | **93,180** | $ | 186,395 |

### 11. Decommissioning obligation

Changes in the decommissioning obligation:

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Balance, beginning of year | **$** | **47,306** | **$** | 33,300 |
| Accretion | | **4,600** | | 14,006 |
| Balance, end of year | **$** | **51,906** | **$** | 47,306 |

The provision noted above represents estimated costs to restore the Company's mineral property which includes the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal and constructive obligations as at the respective year end dates for current and future decommissioning obligations. The year end present value of the decommissioning obligation was determined using a risk-free rate of 3.79% (September 30, 2021 – 0.53%). The estimated total undiscounted amount, using an inflation rate of 6.84% (September 30, 2021 – 2.77%) for the year ended September 30, 2022 is $52,903 (2021 - $49,964). The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land use permits expire, at which time the reclamation has to have been completed.

### 12. Share capital, stock options and warrants

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued and outstanding common share capital**

| | Shares | Value $ |
|---|---|---|
| **Balance, as at September 30, 2021** | **73,442,234** | **17,789,834** |
| Warrants exercised – April 2022 | 500,000 | 40,000 |
| Share issuance – May 27, 2022 | 19,230,927 | 2,500,021 |
| Warrants exercised – May 2022 | 133,330 | 10,666 |
| Warrants exercised – June 2022 | 780,076 | 62,798 |
| Options exercised – June 2022 | 400,000 | 45,958 |
| Share issuance costs | - | (17,886) |
| **Balance, as at September 30, 2022** | **94,486,567** | **20,431,391** |

(Expressed in Canadian Dollars)

**12. Share capital, stock options and warrants** (continued)
**b) Issued and outstanding common share capital** (continued)

| | Shares | Value $ |
|---|---|---|
| **Balance, as at September 30, 2020** | **53,207,049** | **15,747,739** |
| Warrants exercised – October 15, 2020 | 2,300,000 | 230,000 |
| Share issuance costs | - | (830) |
| Share issuance – January 7, 2021 | 16,292,500 | 1,629,250 |
| Share issuance – January 11, 2021 | 707,500 | 70,750 |
| Share issuance – property acquisition | 185,185 | 25,000 |
| Share issuance costs | - | (27,292) |
| Warrant expiry – March 23, 2021 | - | 33,120 |
| Share issuance – property acquisition | 750,000 | 84,375 |
| Share issuance costs | - | (2,278) |
| **Balance, as at September 30, 2021** | **73,442,234** | **17,789,834** |

**2022**

On April 29, 2022, 500,000 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $40,000.

On May 27, 2022, the Company closed a non-brokered private placement financing of 19,230,927 units ("Common Units") at a price of $0.13 per Common Unit for gross proceeds of $2,500,021. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one common share at a price of $0.18 per share for a period to two years, May 27, 2024. After a 6-month non-callable period, the warrants will be subject to acceleration at the Company's discretion if at any time the Company's 20-day volume weighted average share price trades above $0.25.

On May 30, 2022, 133,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $10,666.

On June 2, 2022, 133,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised and 13,416 warrants exercisable at $0.05 per share, expiring June 6, 2022 were exercised, for total proceeds of $11,338.

On June 3, 2022, 633,330 warrants exercisable at $0.08 per share, expiring June 6, 2022, were exercised for total proceeds of $50,666.

On June 29, 2022, 400,000 options exercisable at $0.06 per share, expiring July 6, 2022, were exercised for total proceeds of $24,000.

During the subsequent period, from October 1, 2022 and up to December 19, 2022, the approval date of these financial statements,1,000,000 common shares were issued in accordance with the Excesior Mine Property option (Note 8 - "Exploration and evaluation assets" and Note 23 – "Subsequent events"). There were no further shares issued, and none cancelled and returned to treasury.

**2021**

On October 15, 2020, 2,300,000 warrants exercisable at $0.10 per share, expiring October 20, 2020, were exercised for total proceeds of $230,000 including 100,000 exercised by related parties, comprised of officers and directors.

(Expressed in Canadian Dollars)

**12. Share capital, stock options and warrants** (continued)
**b) Issued and outstanding common share capital** (continued)

On January 7, 2021, the Company closed the first tranche of its non-brokered private placement, issuing 16,292,500 common shares at $0.10 per share for aggregate gross proceeds of $1,629,250. On January 11, 2021, the Company closed the final tranche of its non-brokered private placement, issuing 707,500 common shares at $0.10 per share for aggregate gross proceeds of $70,750. A total of $16,500 was paid in finder's fees in connection with this financing.

On February 26, 2021, the Company issued 185,185 common shares valued at $25,000 pursuant to an option agreement on the Gibson property. The share issuance was valued using the closing share price on the transaction date. See Note 8 – "Exploration and evaluation assets" for more information.

On March 23, 2021, 460,000 warrants, exercisable at $0.25 per share, expired without exercise.

On June 25, 2021, the Company issued 750,000 common shares valued at $84,375 pursuant to option agreement on the Gold Range property. The share issuance was valued using the closing share price on the transaction date. See Note 8 – "Exploration and evaluation assets" for more information.

**c) Stock options outstanding**

| | Number of options | | Exercise |
|---|---|---|---|
| **Expiry** | **Sept 30, 2022** | Sept 30, 2021 | **Price** |
| June 26, 2022* | **-** | 925,000 | $0.06 |
| July 27, 2024 | **1,575,000** | 1,575,000 | $0.15 |
| September 23, 2024 | **1,200,000** | 1,200,000 | $0.06 |
| October 4, 2024 | **710,000** | 710,000 | $0.055 |
| May 1, 2027 | **1,525,000** | - | $0.18 |
| | **5,010,000** | 4,410,000 | |

*The expiry date of 925,000 options originally expiring June 26, 2022 was extended to July 6, 2022 due to a blackout period, which automatically extended the expiry date.

The Company has an option plan ("the Plan"), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All of the options outstanding at the respective period ends have vested.

(Expressed in Canadian Dollars)

**12. Share capital, stock options and warrants** (continued)

**d) Stock option transactions**

| | Number of options | Weighted average exercise price |
|---|---|---|
| **Balance, September 30, 2021** | 4,410,000 | $0.09 |
| Issued | 1,525,000 | $0.18 |
| Exercised | (400,000) | $0.06 |
| Expired | (525,000) | $0.06 |
| **Balance, September 30, 2022** | 5,010,000 | $0.12 |

| | Number of options | Weighted average exercise price |
|---|---|---|
| **Balance, September 30, 2020** | 2,835,000 | $0.059 |
| Issued | 1,575,000 | $0.15 |
| **Balance, September 30, 2021** | 4,410,000 | $0.09 |

On May 1, 2022, the Company issued 1,525,000 options exerciseable at $0.18 per share to May 1, 2027. All of the options have vested as of September 30, 2022 with the exception of 200,000 vesting May 1, 2023 and 200,000 vesting May 1, 2024. The weighted average exercise price of vested options at September 30, 2022 is $0.12 (September 30, 2021 - $0.09). Refer to Note 15 – "Share-based payment transactions" for more information regarding the options issued during the years ended Septemer 30, 2022 and September 30, 2021.

On June 29, 2022, 400,000 options exercisable at $0.06 per share, expiring July 6, 2022, were exercised for total proceeds of $24,000.

On July 6, 2022, 525,000 options exercisable at $0.06 per share, expired without exercise.

During the subsequent period from to October 1, 2022 and up to December 19, 2022, the approval date of these financial statements, no stock options were issued nor expired and none were exercised.

**e) Warrant transactions and warrants outstanding**

The warrants summarized below may be exercised to acquire an equal number of common shares.

**Year ended September 30, 2022**

| Exercise Price | Expiry | Balance Sept 30, 2021 | Warrants Exercised | Warrants Issued | Balance Sept 30, 2022 |
|---|---|---|---|---|---|
| $0.08 | June 6, 2022 | 1,399,990 | (1,399,990) | - | **-** |
| $0.05 | June 6, 2022 | 13,416 | (13,416) | - | **-** |
| $0.18 | May 27, 2024 | - | - | 9,615,458 | **9,615,458** |
| | | 1,413,406 | (1,413,406) | 9,615,458 | **9,615,458** |

(Expressed in Canadian Dollars)

**12. Share capital, stock options and warrants** (continued)
**e) Warrant transactions and warrants outstanding** (continued)

**Year ended September 30, 2021**

| **Exercise Price** | **Expiry** | **Balance Sept 30, 2020** | **Warrants Exercised** | **Warrants Expired** | **Balance Sept 30, 2021** |
|---|---|---|---|---|---|
| $0.10 | October 16, 2020 | 2,300,000 | (2,300,000) | - | **-** |
| $0.25 | March 23, 2021 | 460,000 | - | (460,000) | **-** |
| $0.08 | June 6, 2022 | 1,399,990 | - | - | **1,399,990** |
| $0.05 | June 6, 2022 | 13,416 | - | - | **13,416** |
| | | 4,173,406 | (2,300,000) | (460,000) | **1,413,406** |

Subsequent to September 30, 2022 and up to December 19, 2022, the date of these financial statements no warrants were issued and none expired, nor were exercised.

**13. Financial instruments**

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

The following summarizes the categories of the various financial instruments:

| | | **Sept 30, 2022** | | Sept 30, 2021 |
|---|---|---|---|---|
| | | **Carrying Value** | | |
| **Financial Assets** | | | | |
| **Financial assets measured at fair value:** | | | | |
| Short-term investments | **$** | **309,842** | $ | 619,686 |
| **Financial assets measured at amortized cost:** | | | | |
| Cash | | **1,458,563** | | 1,198,099 |
| Accounts receivable | | **18** | | 237 |
| | **$** | **1,458,581** | $ | 1,198,336 |
| **Financial Liabilities** | | | | |
| **Financial liabilities measured at amortized cost:** | | | | |
| Accounts payable and accrued liabilities | **$** | **93,179** | $ | 186,384 |

The above noted financial instruments are exclusive of any sales tax.

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

### 13. Financial instruments (continued)

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. At September 30, 2022, the Company had US$13,173 ($18,056) (2021 - US$248,777 ($316,967)) in a US denominated bank account. The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of $1,806 (2021 - $31,697). Additionally, at September 30, 2022, accounts payable and accrued liabilities include liabilities of US$32,829 ($44,999) (2021 - US$106,101 ($135,183)), that must be settled in US$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of $4,500 (2021 - $13,518) to the amount payable.

### 14. General and administrative

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Administrative consulting fees | **$** | **350,145** | $ | 234,026 |
| Share-based compensation (Note 15) | | **139,038** | | 74,749 |
| Occupancy costs | | **18,789** | | 18,789 |
| Office, secretarial, supplies and other | | **53,929** | | 56,628 |
| Insurance | | **13,462** | | 8,845 |
| Directors' fees | | **4,500** | | 3,600 |
| Computer network and website maintenance | | **1,929** | | 2,312 |
| Travel and promotion | | **56,877** | | 50,582 |
| | **$** | **638,669** | $ | 449,531 |

### 15. Share-based payment transactions

During the year ended September 30, 2022, the Company issued 1,525,000 options that may be exercised at $0.18 per share to May 1, 2027. All of the options have vested as of September 30, 2022 with the exception of 200,000 options vesting May 1, 2023 and 200,000 options vesting May 1, 2024. The options were valued at $139,068, $24,105 and $6,490 respectively, using the Black-Scholes Options Pricing model assuming a 5-year term volatility of 102.32%, a risk free discount rate of 2.75% and a dividend rate of 0%, on the grant date, May 1, 2022.

During the year ended September 30, 2021, the Company issued 1,575,000 options that may be exercised at $0.15 per share to July 27, 2024. The options were valued at $74,749 using the Black-Scholes Options Pricing model assuming a 3-year term, volatility of 83.86%, a risk free discount rate of 0.55% and a dividend rate of 0%.

### 16. Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

The following adjustments were made in arriving at diluted weighted average number of common shares for the years ended September 30:

| **Weighted average number of common shares:** | | **2022** | | 2021 |
|---|---|---|---|---|
| **Basic and Diluted** | | **80,617,331** | | **68,164,460** |
| **Loss per share** | | | | |
| Basic and diluted | **$** | **(0.01)** | $ | (0.01) |

(Expressed in Canadian Dollars)

### 17. Income tax information

**Rate reconciliation**:

The combined provision for taxes in the consolidated statement of loss and other comprehensive loss reflects an effective tax rate which differs from the expected statutory rate as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Income (loss) before income taxes | **$** | **(781,362)** | $ | (805,515) |
| Computed expected expense (recovery) based on a combined rate of 23.00% (2021 – 23.00%) | | **(179,713)** | | (185,268) |
| Change resulting from: | | | | |
| Differential tax rate of foreign jurisdiction | | **3,308** | | (676) |
| Non-deductible (taxable) items and other | | **(125,508)** | | (28,908) |
| Change in tax rate | | **(2,130)** | | - |
| Unrecognized deferred tax asset | | **304,043** | | 214,852 |
| Income tax expense | **$** | **-** | $ | - |

The combined statutory rate is 23.00% for 2022 (2021 – 23.00%). The deferred combined statutory rate is expected to be 23.00% for 2022 and subsequent years (2021 – 23.00%).

**Temporary differences and tax loss not recognized for accounting purposes**:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Non-capital loss carry-forwards | **$** | **4,139,877** | $ | 3,617,692 |
| Capital loss carry-forwards | | **782,935** | | 782,935 |
| Share issuance costs | | **42,246** | | 41,042 |
| US net operating loss | | **2,970,538** | | 1,258,295 |
| Property and equipment | | **-** | | 18,300 |
| Mineral properties | | **2,813,014** | | 4,175,419 |
| Short-term investments | | **99,760** | | (55,162) |
| Interest | | **39,907** | | 4,696 |
| Total | **$** | **10,888,277** | $ | 9,843,217 |

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2022, the Company had unused non-capital loss carry forwards of approximately $4.14 million that expire between the years 2026 and 2042. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately $2,167,000USD ($2,971,000) (2021 - $988,000USD ($1,258,000)) that may be carried forward indefinitely.

(Expressed in Canadian Dollars)

### 18. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and Jade Leader. In addition, related parties include members of the board of directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, President and director of CANEX Metals; and 635280 Alberta Ltd., a company controlled by Jean Pierre Jutras, an officer and director of CANEX Metals are also considered related parties. The Company incurred the following amounts charged to (by) related parties:

| | | | **Sept 30, 2022** | | Sept 30, 2021 |
|---|---|---|---|---|---|
| **Key management remuneration** | | | | | |
| President and director | a | **$** | **(77,350)** | $ | (73,500) |
| Corporate secretary | b | | **(39,375)** | | (41,160) |
| Chief Financial Officer | c | | **(1,200)** | | (1,150) |
| Directors' fees | d | | **(4,500)** | | (3,600) |
| Total Management remuneration | | **$** | **(122,425)** | $ | (119,410) |

| | | | **Sept 30, 2022** | | Sept 30, 2021 |
|---|---|---|---|---|---|
| **Other related party transactions** | | | | | |
| **Jade Leader** | | | | | |
| Office rent and operating costs paid | e | **$** | **(18,789)** | $ | (18,789) |
| General and administrative and secretarial costs paid | e | **$** | **(9,638)** | $ | (5,971) |
| General and administrative and secretarial costs received | e | **$** | **695** | $ | 1,056 |
| **635280 Alberta Ltd**. | | | | | |
| Geological consulting services | f | **$** | **(18,462)** | $ | (1,563) |

The following amounts were due to or receivable from related parties at the respective year ends:

| **Balances Receivable (Payable)** | | | **Sept 30, 2022** | | Sept 30, 2021 |
|---|---|---|---|---|---|
| **Consulting fees:** | | | | | |
| President and director | a | **$** | **(5,513)** | $ | (10,106) |
| Chief Financial Officer | c | **$** | **(1,200)** | $ | (1,208) |
| **Exploration and evaluation assets** | | | | | |
| President and director | a | **$** | **-** | $ | (588) |
| **Office rent and operating costs** | | | | | |
| Jade Leader | e | **$** | **(4,932)** | $ | (4,932) |
| **General and administrative and secretarial costs:** | | | | | |
| Jade Leader | e | **$** | **(951)** | $ | (1,312) |
| Jade Leader | e | **$** | **18** | $ | 237 |
| President and director | a | **$** | **(8,019)** | $ | - |

Management compensation payable to "key management personnel" during the years ended September 30, 2022 and 2021 is reflected in the table above and consists of consulting fees paid to the President, the CFO, fees for the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. During the year ended September 30, 2022, the Company granted stock options to officers, directors and consultants and recorded a non-cash charge for stock-based payments of $125,131, (September 30, 2021 - $74,749) that is recorded in general administrative expenses (Note 14) (Note 15 - "Share based payment transactions"). There were no other benefits granted to officers, directors and consultants during the years ended September 30, 2022 and 2021. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

(Expressed in Canadian Dollars)

**18. Related party balances and transactions and key management remuneration** (continued)

a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets (Note 8). During the year ended September 30, 2022, $33,775 (2021 - $35,100) was expensed through administrative expenses, $43,575 (2021 - $38,400) was capitalized to exploration and evaluation assets.

b) The Corporate Secretary provides services to the Company on a contract basis.

c) The Chief Financial Officer provides services to the Company on a contract basis.

d) Up to December 31, 2020, the Company paid directors who were not officers of the Company $500 for meeting attendance in person and $300 for meeting attendance by telephone. Effective January 1, 2021, the Company began paying directors $500 for meeting attendance regardless of whether it is attended by phone or in person. There are three directors who are not officers and the amounts above reflect directors' fees paid/payable for meetings attended during the above-noted periods.

e) During the years ended September 30, 2022 and September 30, 2021, geological consulting services were provided by 635280 Alberta Ltd.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

**19. Supplemental disclosure statement of cash flows**

Reconciliation of cash used in operating activities to operating loss for the years ended:

| | | **Sept 30, 2022** | | Sept 30, 2021 |
|---|---|---|---|---|
| Loss and comprehensive loss | **$** | **(781,362)** | $ | (805,515) |
| Depreciation | | **30** | | 18 |
| Stock-based compensation | | **139,038** | | 74,749 |
| Mineral property impairments | | **-** | | 473,527 |
| Dividend income | | **(231,232)** | | - |
| Interest and other items | | **(3,127)** | | (2,769) |
| Loss (gain) on short-term investments | | **302,493** | | (190,041) |
| Changes in assets and liabilities pertaining to operations: | | | | |
| Accounts receivable | | **(741)** | | 853 |
| Prepaid expenses | | **34,208** | | (33,606) |
| Accounts payable and accrued liabilities | | **12,122** | | 802 |
| Cash paid to suppliers and contractors | **$** | **(528,571)** | $ | (481,982) |

(Expressed in Canadian Dollars)

### 19. Supplemental disclosure statement of cash flows (continued)

Reconciliation of cash expended on exploration and evaluation assets for the years ended:

| | | Sept 30, 2022 | | Sept 30, 2021 |
|---|---|---|---|---|
| Change in exploration and evaluation assets | $ | **(1,965,340)** | $ | (536,097) |
| Property acquisition – Share issuance | | **-** | | 109,375 |
| Provision for decommissioning | | **4,600** | | 14,006 |
| Mineral property impairments | | **-** | | (473,527) |
| Changes in assets and liabilities pertaining to exploration and evaluation | | | | |
| Accounts receivable | | **(311)** | | 1,397 |
| Accounts payable and accrued liabilities | | **(105,337)** | | 87,504 |
| Cash expended on exploration and evaluation assets | $ | **(2,066,388)** | $ | (797,342) |

### 20. Segment disclosures

During the years ended September 30, 2022 and September 30, 2021, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada and/or the United States. Activities undertaken in both countries were similar in nature. As at September 30, 2022, the value of non-current assets associated with United States operations is $3,946,007 (2021 - $1,975,575) including exploration and evaluation asset advances and deposits of $32,966 (2021 - $27,874) and exploration and evaluation assets of $3,913,041 (2021 - $1,947,701). All remaining non-current assets are associated with Canadian operations. Consequently, segmented information is not presented in these financial statements. Refer to Note 8 – "Exploration and evaluation assets" for details of the carrying amounts of these assets at the respective period ends.

### 21. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as capital stock, warrants, contributed surplus and deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options will be investigated.The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances and Term Deposits until such time as it required to pay operating expenses and mineral property costs, including option payments (Note 8). The Company objective is to manage its capital to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital.

### 22. Financial risk management

#### a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, excluding sales tax. The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at September 30, 2022 and September 30, 2021.

**22. Financial risk management** (continued)

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. During the year ended September 30, 2022, the Company closed a private placement financing for aggregate gross proceeds of $2,500,021. In addition, 1,413,406 warrants were exercised for total proceeds of $112,670 and 400,000 options were exercised for total proceeds of $24,000. Refer to Note 12 – "Share capital, stock options and warrants" for further details. Increases in activity levels, new property acquisitions and any level of exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations and continuance of operations".

The Company's significant remaining contractual maturities for financial liabilities as at September 30, 2022 and 2021 are as follows:

- Accounts payable and accrued liabilities are due within one year.

**c) Market risk**

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the year ended September 30, 2022, the market price fluctuation on the investments held resulted in a net loss of $309,843 (2021 - net gain of $138,330) on short-term investments. In 2022, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $30,984 (2021 - $61,969). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests and as a result it is not exposed to commodity price risk associated with developed properties at this time.

**d) Interest rate risk**

The Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

**e) Foreign exchange risk**

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The Company has disclosed US$ commitments pertaining to three option agreements in Note 8 – "Exploration and evaluation assets". Refer to Note 13 – "Financial instruments for the foreign exchange risk associated with the foreign denominated cash balances held, as well as accounts payable that must be settled in US$ at September 30, 2022 and September 30, 2021.

### 23. Subsequent events

a) On October 24, 2022, the Company acquired one mineral property mining lode claim (16.52 acres) for total consideration of US$20,000 ($27,444), situated in Mohave County, Arizona adjacent to the existing Gold Range Property (Note 8).

b) During the year ended September 30, 2022, the Company fulfilled its Stage 1 minimum exploration obligation in accordance with the Excelsior Mine Property Option and on November 11, 2022, the Company also issued 1,000,000 common shares valued at $112,500 in accordance with the agreement, signifying the beginning of Stage 2 obligations. (Note 8)

   On November 11, 2022, the agreement was amended to extend the Stage 2 termination date by 10 months from July 25, 2023 to May 25, 2024 for no additional consideration. Both the Company and the vendor agreed that an extension was warranted due to industry wide delays in exploration services, permitting and assay result turnaround times. All other terms of the agreement remain unchanged.

# *Corporate Information*

***Head Office:***

Suite 1620, 734 – 7th Avenue S.W.
Calgary, Alberta, T2P 3P8
Ph: 403-233-2636
Fax: 403-266-2606

***Directors:***

Lesley Hayes *
Shane Ebert
Jean Pierre Jutras
Gregory Hanks *
Blair Schultz *
*Audit Committee Members

***Officers:***

Shane Ebert, *President*
Jean Pierre Jutras, *Vice-President*
Chantelle Collins, *Chief Financial Officer*
Barbara O'Neill, *Secretary*

***Transfer Agent & Registrar:***

Computershare Trust Company of Canada
#800, 324 - 8th Avenue S.W.
Calgary, Alberta, T2P 2Z2

***Website***:

www.canexmetals.ca

***Email:***

info@canexmetals.ca

***Legal Counsel:***

TingleMerrett LLP
1250 Standard Life Building
639-5th Avenue S.W.
Calgary, Alberta, T2P 0M9

***Bank*:**

HSBC Bank Canada
407-8th Avenue S.W.
Calgary, Alberta, T2P 1E5

***Auditors:***

BDO Canada LLP
620, 903-8th Avenue SW
Calgary, Alberta, T2P 0P7

***Listed:***

TSX Venture Exchange

***Symbol:***

CANX