NORTHERN LIGHTS RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

APRIL 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Northern Lights Resources Corp.:

Opinion

We have audited the consolidated financial statements of Northern Lights Resources Corp. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of 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 Company as at April 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for exploration and evaluation assets	
Refer to note 4	Our approach to addressing the matter involved the following procedures, among others:
As at April 30, 2023, the carrying amount of the Company's exploration and evaluation assets was $2,078,147. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any one of the following impairment indicators: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at April 30, 2023. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following: • Obtained evidence to support the right to explore the properties under the mineral claims held by the Company. • Read the board of directors' minutes and resolutions, and observed evidence supporting the continued and planned exploration expenditures. • Assessed whether current data, where available, indicates the potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Key audit matter	How our audit addressed the key audit matter
Accounting for the amendment agreement in respect of convertible securities	
Refer to note 6	Our approach to addressing the matter involved the following procedures, among others:
During the year ended April 30, 2023, the Company entered into an amendment agreement in respect of its liability for convertible securities which is measured at fair value. The amendment agreement resulted in, among other things, converting of a portion of the liability for a fixed number of common shares, transferring certain of the Company's marketable securities to the holder as a partial repayment, and suspending the holder's conversion rights. We considered this a key audit matter due to the significant judgment made by management in determining the appropriate accounting treatment for the terms of the amended agreement. This resulted in significant audit effort and subjectivity in performing audit procedures to assess management's accounting treatment and evaluate the impact on the fair value of the convertible securities liability.	• Read the amendment agreement and evaluated management's accounting analysis. • Reviewed management calculations, including validating inputs, in determining the fair value of the remaining convertible securities at April 30, 2023. • Confirmed the remaining convertible securities at April 30, 2023 with the holder.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
August 28, 2023

NORTHERN LIGHTS RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT,

	April 30, 2023	April 30 2022
ASSETS		
Current		
Cash	$ 24,183	$ 24,412
Receivables	2,821	4,200
Marketable securities (Notes 3 and 13)	780,000	-
Prepaid expenses	52,067	25,250
	859,071	53,862
Marketable securities (Notes 3 and 13)	780,000	-
Exploration and evaluation assets (Note 4)	2,078,147	2,676,090
	$ 3,717,218	$ 2,729,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	$ 448,323	$ 263,292
Convertible securities (Note 6)	1,007,505	788,088
	1,455,828	1,051,380
Shareholders' equity		
Share capital (Note 7)	9,107,259	8,389,685
Share-based payment reserve (Note 7)	1,214,998	1,183,498
Subscriptions receivable (Note 7)	(34,930)	(34,930)
Deficit	(8,025,937)	(7,859,681)
	2,261,390	1,678,572
	$ 3,717,218	$ 2,729,952

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

On behalf of the Board:

"Albert (Rick) Timcke" Director   "Jason Bahnsen" Director

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

NORTHERN LIGHTS RESOURCES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30,

	2023	2022
EXPENSES		
Consulting fees	$ 21,933	$ 14,650
Filing and regulatory fees	55,214	54,477
Foreign exchange	5,784	(41,113)
Insurance and other	-	53,567
Management fees (Note 8)	180,000	180,000
Office and miscellaneous	28,007	-
Professional fees (Note 8)	65,851	78,048
Promotion and advertisement	178,584	173,508
Share-based compensation (Notes 7 and 8)	-	50,105
Travel and accommodation	2,006	13,860
	(537,379)	(577,102)
OTHER		
Interest expenses and penalties – convertible securities (Note 6)	(631,214)	-
Gain on sale of exploration and evaluation assets (Note 4)	1,702,114	-
Loss on fair value of convertible securities (Note 6)	(65,967)	(138,337)
Loss on debt settlement (Note 5)	(3,810)	-
Transaction costs – convertible securities (Note 6)	-	(446,152)
Unrealized loss on marketable securities (Note 3)	(630,000)	-
	371,123	(584,489)
Loss and comprehensive loss for the year	$ (166,256)	$ (1,161,591)
Basic and diluted loss per common share	$ (0.02)	$ (0.10)
Weighted average number of common shares outstanding	28,913,926	11,629,248

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

NORTHERN LIGHTS RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Share Subscriptions	Deficit	Total Shareholders' Equity
Balance, April 30, 2021	**10,827,070**	**$ 7,729,758**	**$ 983,993**	**$ (34,930)**	**$ (6,698,090)**	**$ 1,980,731**
Convertible securities – transaction costs	312,274	187,365	149,400	-	-	336,765
Convertible securities – converted	1,986,289	425,725	-	-	-	425,725
Share-based payments	-	-	50,105	-	-	50,105
Exploration and evaluation assets	187,348	46,837	-	-	-	46,837
Net loss for the year	-	-	-	-	(1,161,591)	(1,161,591)
Balance, April 30, 2022	**13,312,981**	**8,389,685**	**1,183,498**	**(34,930)**	**(7,859,681)**	**1,678,572**
Private placement	4,550,000	196,000	31,500	-	-	227,500
Shares for debt settlement	952,381	23,810	-	-	-	23,810
Finders fees	800,000	20,000	-	-	-	20,000
Convertible securities – converted	24,043,342	477,764	-	-	-	477,764
Net loss for the year	-	-	-	-	(166,256)	(166,256)
Balance, April 30, 2023	**43,658,704**	**$ 9,107,259**	**$ 1,214,998**	**$ (34,930)**	**$ (8,025,937)**	**$ 2,261,390**

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

NORTHERN LIGHTS RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (166,256)	$ (1,161,591)
Non-cash items:		
Loss on fair value of convertible securities	65,967	138,337
Unrealized loss on marketable securities	630,000	-
Share-based compensation	-	50,105
Loss on settlement of debt	3,810	-
Transaction costs – convertible securities	-	446,152
Gain on sale of exploration and evaluation assets	(1,702,114)	-
Accrued interest and penalties - convertible securities	631,214	-
Changes in non-cash working capital items:		
Receivables	1,379	15,387
Prepaid expenses	(26,817)	27,417
Accounts payable and accrued liabilities	225,691	73,220
Net cash used in operating activities	(337,126)	(410,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(26,175)	(958,524)
Cash received on sale of exploration and evaluation asset	135,572	-
Net cash provided (used) in investing activities	109,397	(958,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	227,500	-
Proceeds from convertible debenture	-	966,089
Net cash provided by financing activities	227,500	966,089
Change in cash for the year	(229)	(403,408)
Cash, beginning of year	24,412	427,820
Cash, end of year	$ 24,183	$ 24,412

	2023	2022
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS		
Convertible securities – transaction costs	$ -	$ 446,152
Convertible securities converted	$ 477,764	$ 425,725
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 38,609	$ 58,939

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Lights Resources Corp. (the "Company") was incorporated under the laws of British Columbia on March 28, 2007. The Company's principal business activities include the acquisition and exploration of resource properties. The Company is listed on the Canadian Securities Exchange ("CSE") under the trading symbol "NLR" and quoted on the OTC QB under the symbol "NLRCF".

On May 26, 2022, the Company consolidated its common shares on a ten for one basis. These consolidated financial statements reflect the share consolidation on a retrospective basis.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has a history of losses and an accumulated deficit of $8,025,937 at April 30, 2023, the continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and discharge og liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are at fair value. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are presented below and are based on IFRS issued and outstanding as of April 30, 2023.

The Board of Directors approved these consolidated financial statements on August 28, 2023.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Secret Pass LLC, a company incorporated under the laws of Arizona, USA, and Rudy Valley Minerals LLC, a company incorporated under the laws of Nevada. At April 30, 2023, the principal activity of the Company's subsidiaries was that of holding companies. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. All inter-company transactions and balances have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates and judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

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

<u>Significant Judgments</u>

a. Economic recoverability and probability of future benefits of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

b. Deferred taxes

The Company recognizes the deferred tax benefit related to deferred and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred and resource tax assets.

c. Convertible securities

The Company has issued convertible securities as described in Note 6. The accounting for convertible securities, a complex compound financial instrument, requires the Company to determine the classification of the component parts of the convertible securities, which requires significant judgment on whether there are components of equity, liabilities or embedded derivatives.

d. Functional currency

Judgment was applied in determining the functional currency of the Company and each of its subsidiaries after considering the primary economic environment in which the Company undertakes its financing activities, retains funds and the currency that influences exploration and administration costs.

<u>Significant Estimates</u>

a. Share-based payments

Share-based payments are measured using the Black-Scholes option pricing model based on the estimated fair value of the share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange and functional currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Income (loss) per share

The Company computes the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on income (loss) per share is based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments unless anti-dilutive. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period.

Exploration and evaluation assets

Upon acquiring the legal right to explore an exploration and evaluation asset, costs related to acquisition, exploration and evaluation are capitalized by property. The capitalized costs are presented as either tangible, or intangible exploration and evaluation assets according to the nature of the assets acquired. Expenses related to exploration and evaluation include topographical, geological, geochemical, and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less tax credits related to these expenses and any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Convertible securities

The Company's convertible securities are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements.

The conversion feature of the convertible securities is presumed to be classified as a derivative financial liability unless it meets all the criteria to be classified as an equity instrument. One criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed"). If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity. The Company has convertible securities which are classified entirely as liabilities because they were issued in a currency other than the functional currency of the Company. As the instrument contains an embedded derivative, it has been designated as at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred. The component of fair value changes relating to the Company's own credit risk is recognized in other comprehensive income ("OCI"). Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss but are transferred to deficit when realized. Fair value changes relating to market risk are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

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

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 payments reserve account. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

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

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. If the options and warrants expire or are forfeited, the corresponding amount previously recorded remains in reserves.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, and are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The following is the Company's accounting policy for financial instruments:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (Cont'd…)

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. 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 profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or liability	Category	Measurement
Cash	FVTPL	Fair value
Marketable securities	FVTPL	Fair value
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Convertible securities	FVTPL	Fair value

New accounting standards and interpretations

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its consolidated financial statements would not be significant.

(Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

During the year ended April 30, 2023, the Company received 6,000,000 shares (valued at $2,190,000) of Reyna Silver Corp. ("Reyna Silver") as consideration for the sale of the Company's remaining interest in the Medicine Springs Property (Note 4) and subsequently recorded an unrealized loss of $630,000 from changes in the fair value. These common shares are subject to contractual resale restriction over a twenty-four month period, of which 25% will be released every six month period and are released as follows:

i) 1,500,000 common shares are to be released on June 22, 2023 (subsequently released).
ii) 1,500,000 common shares are to be released on December 22, 2023.
iii) 1,500,000 common shares are to be released on June 22, 2024.
iv) 1,500,000 common shares are to be released on December 22, 2024.

	Common shares	Total
Reyna Silver Corp.		
As of April 30, 2022	-	$ -
Addition	6,000,000	2,190,000
Unrealized loss on change in FV	-	(630,000)
As of April 30, 2023	6,000,000	1,560,000
Long-term (release after 12 months)	(3,000,000)	(780,000)
Current	**3,000,000**	**$ 780,000**

4. EXPLORATION AND EVALUATION ASSETS

	Secret Pass	Medicine Springs	Total
Acquisition Costs:			
Balance at April 30, 2021	$ 615,049	$ 325,275	$ 940,324
Common shares	-	46,837	46,837
Balance at April 30, 2022	615,049	372,112	987,161
Addition - cash	730	-	730
Disposal	-	(372,112)	(372,112)
Balance at April 30, 2023	**$ 615,779**	**$ -**	**$ 615,779**

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd…)

Exploration Costs:						
Balance at April 30, 2021	$	440,121	$	231,345	$	671,466
Assay		95,755		-		95,755
Consulting		49,203		-		49,203
Drilling		443,136		-		443,136
Field work		429,369		-		429,369
Balance at April 30, 2022		1,457,584		231,345		1,688,929
Assay		194		-		194
Field work		4,590		-		4,590
Disposal		-		(231,345)		(231,345)
Balance at April 30, 2023	$	1,462,368	$	-	$	1,462,368
Balance at April 30, 2022	$	2,072,633	$	603,457	$	2,676,090
Balance at April 30, 2023	**$**	**2,078,147**	**$**	**-**	**$**	**2,078,147**

Medicine Springs

The Company entered into a mineral property option agreement dated August 20, 2017, and amended, to acquire 100% of the property in southeastern Elko County, Nevada.

The Medicine Springs property, located on the eastern edge of the Carlin Trend in southeastern Elko County, consists of 149 unpatented Federal mineral claims.

The option agreement is a 6 phase exploration agreement. Completion of all of the phases under the agreement is subject to staged cash payments of USD $950,000, equity consideration of USD $250,000 and incurring exploration expenditures of USD $2,700,000. The agreement was amended in July 2020 to extend certain due dates.

The Company has the option to proceed with each subsequent Phase in the option agreement upon the completion of all cash and equity consideration payments to the vendors in addition to meeting the minimum exploration expenditure payments defined for each phase of the option agreement.

i) Cash payments
  - i) Phase 1B - USD $25,000 within 30 days of receipt of regulatory approval (paid).
  - ii) Phase 2 - USD $50,000 by December 31, 2020 ("Phase 2 Commencement Date") (paid).
  - iii) Phase 3 - USD $100,000 by December 31, 2021 ("Phase 3 Commencement Date") (below – paid by joint venture partner).
  - iv) Phase 4 - USD $150,000 within 30 days of completion of all Phase 3 requirements ("Phase 4 Commencement Date").
  - v) Phase 5 - USD $200,000 within 30 days of completion of all Phase 4 requirements ("Phase 5 Commencement Date").
  - vi) Phase 6 - USD $425,000 within 30 days of completion of all Phase 5 requirements ("Phase 6 Commencement Date").

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Medicine Springs (cont'd…)

ii) Share issuance
- i) Phase 2 - issuance of common shares with a value of USD $50,000 by December 31, 2020 (issued 133,065 common shares fair valued at $33,266).
- ii) Phase 3 - issuance of common shares with a value of USD $50,000 by December 31, 2021 (issued 187,348 common shares fair valued at $46,837).
- iii) Phase 4 - issuance of common shares with a value of USD $50,000 after the Phase 4 Commencement Date.
- iv) Phase 5 - issuance of common shares with a value of USD $50,000 after the Phase 5 Commencement Date.
- v) Phase 6 - issuance of common shares with a value of USD $50,000 after the Phase 6 Commencement Date.

iii) Exploration expenditures
- i) incur USD $25,000 in exploration upon execution of the agreement (incurred).
- ii) Phase 1B - incur USD $225,000 by December 31, 2020 (incurred).
- iii) Phase 2 - incur USD $300,000 by December 31, 2022 (below – assumed by joint venture partner).
- iv) Phase 3 - incur USD $400,000 by December 31, 2022 (below – assumed by joint venture partner).
- v) Phase 4 - incur USD $500,000 within 1 year of the Phase 4 Commencement Date.
- vi) Phase 5 - incur USD $500,000 within 1 year of the Phase 5 Commencement Date.
- vii) Phase 6 - incur USD $750,000 within 1 year of the Phase 6 Commencement Date.

In addition, the property owner will retain a 2.5% NSR. The Company has the option to purchase back 1.5% of the NSR for USD $3,000,000 on a portion of the mineral claims (126/149) and USD $1,000,000 on a portion of the mineral claims (23/149). The royalty to the project vendors is in addition to a further 0.5% royalty over a portion of the mineral claims (23/149).

The Company entered into a property option and joint venture agreement dated September 24, 2020 with Reyna Silver Corp. ("Reyna Silver").

Under the terms of the agreement, Reyna Silver can earn a 75% interest in the Medicine Springs property by assuming and satisfying certain of the Company's commitments in the underlying option agreement on or before December 31, 2023, as follows:

- a) cash consideration of USD $875,000
- b) incur exploration expenditures of approximately USD $2,450,000 by December 31, 2023.

On December 14, 2022, the Company entered into an agreement with Reyna Silver for the remaining 25% interest in Medicine Springs.

Consideration for the 25% interest in Medicine Springs is comprised of:

- a) cash payment of USD $100,000 (paid).
- b) 6,000,000 common shares of Reyna Silver (received Note 3), which will be subject to contractual resale restriction over a twenty-four month period, of which 25% will be released every six month period.
- c) 1% NSR royalty over Medicine Springs Project licenses. The royalty to the Company will not become effective until Reyna Silver has completed all the obligations in the Medicine Springs underlying option agreement, and owns 100% interest of the project. Reyna Silver retains the right to purchase 0.5% of the NSR Royalty for cash consideration of USD $2,500,000 at any time in the future.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Medicine Springs (cont'd…)

The Company issued 800,000 common shares (valued at $20,000) as a finders' fee.

During the year ended April 30, 2023, the Company recognized a gain of $1,702,114 pursuant to the sale of Medicine Springs.

Secret Pass Gold Project

During the year ended April 30, 2020, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in the Secret Pass Gold Project located in northwestern Arizona.

Pursuant to the option agreement, the Company made the following consideration payments and therefore, acquired a 100% interest in the Secret Pass Gold Project.

a) within 5 working days following the exercise of the option, the Company paid cash consideration of USD $75,000;
b) within 30 days following the exercise of the option, the Company issued 200,000 common shares (valued at $80,000); and
c) under the terms of the agreement, the Company made the following additional payments:
    i) USD $175,000 on or before September 20, 2019; and
    ii) USD $125,000 on or before November 8, 2019.

There are no third-party royalties payable on future production from the project.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2023	April 30, 2022
Trade payables	$ 362,423	$ 178,392
Accrued liabilities	85,900	84,900
	$ 448,323	**$ 263,292**

During the year ended April 30, 2023, the Company issued 952,381 common shares in consideration for outstanding payables of $20,000, which resulted in a loss on settlement of debt of $3,810 (Note 7).

6. CONVERTIBLE SECURITIES

On June 4, 2021, the Company issued unsecured zero-coupon non-redeemable convertible securities in the principal amount of $1,075,476 (USD $890,000) for a purchase price of $966,089 (USD $800,000). The securities are zero coupon or interest and mature two years from the date of issuance. The holder can convert, at any point in time, the securities into common shares at a price of $0.06 per share ("Conversion Price").

6. CONVERTIBLE SECURITIES (Cont'd…)

In the event that the prevailing share price, at the time of a conversion is greater than the Conversion Price, the Company may elect to reduce the number of common shares issuable in that conversion by utilizing the prevailing share price as the conversion price instead of the Conversion Price. The "prevailing share price" will be determined by the investor as 85% of the average of five daily volume-weighted average prices of the common shares on the CSE during 20 consecutive trading days immediately prior to the date of the notice of conversion, rounded down to one tenth of a cent if the prevailing share price is less than $0.20, or half a cent if the prevailing share price is greater than $0.20.

Alternatively, in the event that the prevailing share price is less than the Conversion Price, the conversion will occur at the Conversion Price, and the Company will pay the investor an amount equal to the value of shares foregone as a result of the conversion price being the Conversion Price rather than the prevailing share price. The Company may elect to make this payment in common shares in lieu of cash, in its sole discretion.

The Company will have a cash repayment right in relation to any conversion so that, instead of issuing conversion shares, the Company may, at its option, make a payment to the holder equal to the number of common shares that would have otherwise been issued in the conversion multiplied by the greater of the Conversion Price, the prevailing Share price, and the market value of the shares at that time.

The settlement of the convertible securities requires the issuance of shares that will equal USD $890,000, the principal amount of the debt. As a result, the settlement will result in a variable number of shares and the instrument is a financial liability even though it will be settled by the delivery of common shares and there is no contractual obligation to repay the securities in cash. In addition, the convertible securities are denominated in a currency (USD) that is different from the Company's functional currency (CAD) and therefore the instrument has an embedded derivative. The Company elected to measure the entire instrument at FVTPL and the fair value on initial recognition was $1,075,476 (USD $890,000).

In connection with the convertible securities, the Company incurred transaction costs of $446,152, recorded as expenses in profit or loss, and inclusive of the following:

- $109,387 (USD $90,000) discount on issuance;
- Issuance of 312,274 common shares (fair valued at $187,365); and
- Issuance of 280,000 broker's warrants (fair valued at $149,400).

Inputs used to calculate the fair value of the 280,000 broker's warrants were a share price of $0.06, expected life of 4 years, volatility of 221% and a discount rate of 0.75%. Each broker's warrant entitles the holder to purchase one common share exercisable at the price of $0.68509 until June 4, 2025.

In accordance with the agreement, on June 4, 2021, the Company issued to the holder 180,000 common shares with a fair value of $108,000. These common shares will be counted towards any future conversions.

During the year ended April 30, 2022, the Company received notice to settle $317,725 (USD $250,000) of the principal through conversion exercise and issued 1,806,289 common shares.

During the year ended April 30, 2023, the Company received notice to settle $477,764 (USD $330,000) of the principal through conversion exercise and issued 24,043,342 common shares.

On October 6, 2022, as a result of receiving a notice of default, the Company was obligated to record interest on the initial amount of USD $890,000, at a rate of 15% per annum, compounded daily from the first closing date (June 4, 2021). During the year ended April 30, 2023, the Company recorded accrued interest of $278,648 (USD $209,441).

(Expressed in Canadian Dollars)

6. CONVERTIBLE SECURITIES (Cont'd…)

On April 28, 2023, the terms of the agreement were amended to :

- issue 4,830,000 common shares to convert $275,122 (USD $203,000) (subsequently issued).
- pay a fixed final interest balance of $278,648 (USD $209,441).
- Pay penalties of $352,566 (USD $265,000).

The amendment allows for settlement of the debt by way of transferring a portion of the Renya Silver common shares held by the Company upon scheduled release and payment of the remaining balance thereof in cash.

The lender will suspend their conversion rights until further notice.

As at April 30, 2023, the fair value of the convertible securities was $1,007,505, which resulted in a change in fair value of $65,967 that was recognized in profit or loss.

		Total
Balance April 30, 2021	$	-
Issuance of convertible securities		1,075,476
Adjustment for 180,000 common shares issued in advance of conversion		(108,000)
Conversion into 1,806,289 common shares		(317,725)
Change in fair value of convertible securities		138,337
Balance April 30, 2022		788,088
Conversion into 24,043,342 common shares		(477,764)
Interest expenses		278,648
Penalties related to amendment		352,566
Change in fair value of convertible securities		65,967
Balance April 30, 2023	**$**	**1,007,505**

Subsequent to April 30, 2023, the Company transferred 1,300,000 common shares of Reyna Silver in repayment of $221,000 (USD $166,341).

7. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

During the year ended April 30, 2023, the Company:

i) issued 24,043,342 common shares fair valued at $477,764 pursuant to the conversion of convertible securities (Note 6).

ii) closed a private placement of 1,400,000 common shares and 3,150,000 units for gross proceeds of $227,500. Each unit consisted of one common share and one warrant exercisable into one common share at a price of $0.10 per share until July 27, 2024, of which $31,500 was allocated to the warrant component of the private placement.

iii) issued 952,381 common shares valued at $23,810 pursuant to settlement of debt (Note 5).

iv) issued 800,000 common shares valued at $20,000 pursuant to finders' fee of the sale of the Company's remaining interest in the Medicine Springs Project (Note 4).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

During the year ended April 30, 2022, the Company:

i) issued 312,274 common shares fair valued at $187,365 as transaction costs for the convertible securities.

ii) issued 1,986,289 common shares fair valued at $425,725 pursuant to the conversion of convertible securities (Note 6).

iii) issued 187,348 common shares fair valued at $46,837 pursuant to the option payment of the Medicine Spring Project (Note 4).

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the plan, the exercise price of each option will not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

A summary of changes in stock options is as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding as at April 30, 2021, 2022, and 2023	895,407	$	0.70

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

Number of Options		Exercise Price	Expiry Date	Exercisable
255,000	$	1.00	November 7, 2023	255,000
390,407	$	0.50	July 23, 2025	390,407
200,000	$	0.70	December 10, 2025	200,000
50,000	$	0.70	January 13, 2026	50,000
895,407				895,407

Total value of vested stock options issued are included in the share-based payment reserve.

Warrants

A summary of changes in warrants is as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding as at April 30, 2021	6,192,178	$	0.80
Granted	280,000		0.69
Outstanding as at April 30, 2022	6,472,178		0.75
Granted	3,150,000		0.10
Outstanding as at April 30, 2023	9,622,178	$	0.54

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

Warrants issued and classified as equity are included in the Share-based payment reserve. As at April 30, 2023, the following warrants were outstanding and exercisable:

Number of Warrants		Exercise Price	Expiry Date
342,000	$	0.75	July 4, 2024
3,150,000	$	0.10	July 27, 2024
1,262,777	$	0.75	January 22, 2025
280,000	$	0.685	June 4, 2025
4,373,001	$	0.75	August 19, 2025
214,400	$	0.75	August 19, 2025
9,622,178			

8. TRANSACTIONS WITH RELATED PARTIES

		Year ended April 30 ,2023		Year ended April 30 ,2022
Management fees	$	180,000	$	180,000
Professional fees		12,000		12,000
Share-based compensation		-		3,558
	$	192,000	$	195,558

The Company defines key management personnel as officers and directors. During the year ended April 30, 2023, the Company:

i) paid or accrued management fees of $90,000 (2022 - $90,000) to a director of the Company.

ii) paid or accrued management fees of $90,000 (2022 - $90,000) to the Chief Executive Officer ("CEO") of the Company.

iii) paid or accrued professional fees of $12,000 (2022 - $12,000) to the former Chief Financial Officer ("CFO") of the Company.

iv) recorded share-based compensation of $Nil (2022 - $3,558) related to options granted to officers and directors of the Company.

Included in accounts payable and accrued liabilities as at April 30, 2023 is $144,900 (2022 - $43,243) owed to officers of the Company.

Included in prepaid expenses as at April 30, 2023 is $25,817 (2022 - $11,320) advanced to an officer and a director of the Company.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of fair value hierarchy are:

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

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities, and convertible securities. The fair value of the accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and marketable securities are measured at fair value using level 1 inputs. Convertible securities are measured using level 2 inputs as it uses observable inputs other than quoted prices included within level 1.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's expenses are denominated in US dollars. As the Company's functional and presentation currency is the Canadian dollar, the Company is exposed to risk from changes in the US dollar exchange rate.

At April 30, 2023, the Company had Canadian dollar equivalent cash of $18,936 (2022 - $958), accounts payable and accrued liabilities of $64,516 (2022 - $60,718), and convertible securities of $1,007,505 (2022 - $788,088) which were denominated in US dollars.

Sensitivity Analysis
Management has completed a sensitivity analysis to estimate the impact on profit or loss for the period which a change in foreign exchange rates. A 10% change in the exchange rate would result in a $105,309 change in profit and loss (2022 - $84,490).

b) Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and subscriptions receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables that are financial instruments consist of subscription receivable. The maximum exposure to credit risk is the aggregate carrying amount of cash and subscription receivable.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd…)

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements, option exercises and warrant exercises to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. The Company does not have significant liquidity risk as all of its financial liabilities are current in nature.

e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company exposure to price risk primarily attributed to marketable securities at April 30, 2023. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. (Note 13)

10. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity, which totaled $2,261,390 as at April 30, 2023 (2022 - $1,678,572). When managing capital, the Company's objective is to ensure it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company did not change its approach to capital management during the year ended April 30, 2023.

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

		April 30, 2023		April 30, 2022
Exploration and evaluation assets				
United States	$	2,078,147	$	2,676,090

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2023		2022
Loss for the year before income tax	$	(166,256)	$	(1,161,591)
Income tax expense (recovery) at statutory income tax rate of 27%	$	(45,000)	$	(314,000)
Change in statutory, foreign tax foreign exchange rates and other		70,000		10,000
Non-deductible items		185,000		43,000
Change in unrecognized deductible temporary differences		(210,000)		261,000
	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been recognized on the consolidated statement of financial position are as follows:

		2023	Expiry Date Range		2022	Expiry Date Range
Temporary differences						
Exploration and evaluation assets	$	104,000	No expiry date	$	1,826,000	No expiry date
Property and equipment		17,000	No expiry date		14,000	No expiry date
Share issue costs		48,000	2042		85,000	2041
Non-capital losses available for future years		5,817,000	2029 onwards		4,847,000	2028 onwards

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. SUBSEQUENT EVENTS

Subsequent to April 30, 2023, the Company:

i) the quoted market value of Reyna Silver common shares decreased from $0.26 at April 30, 2023 to $0.17 at August 28, 2023.

ii) the Company issued 4,830,000 common shares pursuant to settlement of convertible securities (Note 6).

iii) the Company transferred 1,300,000 common shares of Reyna Silver in settlement of $166,341 of convertible securities.