C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month periods ended February 28, 2023 and 2022

(expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of C3 Metals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Financial Position

(expressed in Canadian dollars)

	February 28, 2023 $	August 31, 2022 $
Assets		
Current assets:		
Cash and cash equivalents	1,697,810	7,302,637
Restricted deposits (note 4)	51,413	50,790
Amounts receivable (note 5)	151,415	171,027
Prepaid expenses	180,210	425,889
Marketable securities (note 6)	75,000	326,536
	2,155,848	8,276,879
Equipment	122,641	75,441
Mineral exploration properties (note 7)	17,937,779	17,745,558
Deferred exploration expenditures (note 7)	28,946,527	23,438,533
	47,006,947	41,259,532
Total assets	49,162,795	49,536,411
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	817,913	1,011,616
Total liabilities	817,913	1,011,616
Shareholders' equity		
Capital stock (note 8)	62,570,390	62,570,390
Warrants (note 8)	-	66,390
Contributed surplus	5,561,933	5,262,413
Accumulated deficit	(20,955,234)	(19,458,403)
Accumulated other comprehensive income	1,167,793	84,005
Total shareholders' equity	48,344,882	48,524,795
Total liabilities and shareholders' equity	49,162,795	49,536,411

Going concern (note 1)

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

Approved by the Board of Directors:

/s/ Antony Manini
Director

/s/ Kimberly Ann Arntson
Director

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $	Six months ended February 28, 2023 $	Six months ended February 28, 2022 $
Expenses				
Promotion and investor relations	145,895	153,123	396,262	403,391
Regulatory authority and transfer agent fees	17,458	13,160	31,232	49,288
Legal, accounting, audit and financial advisory	48,873	53,343	78,669	123,282
Office, general and administrative	365,482	363,374	715,624	717,819
Project generation and evaluation	-	1,167	-	3,367
Share based compensation (note 8)	116,565	231,309	233,130	532,733
	694,273	815,476	1,454,917	1,829,880
Interest income	(16,131)	(17,436)	(43,026)	(19,477)
Loss (gain) on marketable securities (note 6)	(9,889)	55,179	55,325	32,144
Foreign exchange loss	6,140	83,250	29,615	91,596
	(19,880)	120,993	41,914	104,263
Net loss for the period	674,393	936,469	1,496,831	1,934,143
Other comprehensive income				
Items that may be subsequently reclassified to operations				
Foreign currency translation adjustment	(562,878)	(692,012)	(1,083,788)	(863,335)
Total comprehensive loss for the period	111,515	244,457	413,043	1,070,808
Loss per common share:				
Basic and diluted	0.00	0.00	0.00	0.00
Weighted average number of common shares outstanding:				
Basic and diluted	589,504,235	587,335,071	589,504,235	542,523,015

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

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock		Warrants		Contributed	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	$	#	$	$	$	$	$
Balance, August 31, 2022	589,504,235	62,570,390	5,200,000	66,390	5,262,413	(19,458,403)	84,005	48,524,795
Net loss for the period	-	-	-	-	-	(1,496,831)	-	(1,496,831)
Foreign currency translation adjustment	-	-	-	-	-	-	1,083,788	1,083,788
Total comprehensive loss for the period	-	-	-	-	-	(1,496,831)	1,083,788	(413,043)
Restricted share unit compensation charge (note 8)	-	-	-	-	56,000	-	-	56,000
Stock option compensation charge (note 8)	-	-	-	-	177,130	-	-	177,130
Expiry of warrants (note 8)	-	-	(5,200,000)	(66,390)	66,390	-	-	-
	-	-	(5,200,000)	(66,390)	299,520	(1,496,831)	1,083,788	(179,913)
Balance, February 28, 2023	589,504,235	62,570,390	-	-	5,561,933	(20,955,234)	1,167,793	48,344,882
Balance, August 31, 2021	460,182,703	39,869,436	5,200,000	66,390	4,064,303	(15,639,442)	(1,312,554)	27,048,133
Net loss for the period	-	-	-	-	-	(1,934,143)	-	(1,934,143)
Foreign currency translation adjustment	-	-	-	-	-	-	863,335	863,335
Total comprehensive loss for the period	-	-	-	-	-	(1,934,143)	863,335	(1,070,808)
Shares issued for Jasperoide property interest (note 7)	25,001,540	5,100,314	-	-	-	-	-	5,100,314
Brokered private placement of shares (note 8)	101,582,178	19,300,614	-	-	-	-	-	19,300,614
Broker warrants issued to finders (note 8)	-	(634,100)	-	-	634,100	-	-	-
Share issue costs	-	(1,339,178)	-	-	-	-	-	(1,339,178)
Exercise of broker warrants (note 8)	423,800	32,137	-	-	(10,948)	-	-	21,189
Shares issued for vested restricted share units (note 8)	1,500,000	165,000	-	-	(165,000)	-	-	-
Shares issued for deferred share units (note 8)	814,014	76,167	-	-	(76,167)	-	-	-
Restricted share unit compensation charge (note 8)	-	-	-	-	55,000	-	-	55,000
Stock option compensation charge (note 8)	-	-	-	-	477,733	-	-	477,733
	129,321,532	22,700,954	-	-	914,718	(1,934,143)	863,335	22,544,864
Balance, February 28, 2022	589,504,235	62,570,390	5,200,000	66,390	4,979,021	(17,573,585)	(449,219)	49,592,997

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

C3 Metals Inc.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Cash Flows

(expressed in Canadian dollars)

	Six months ended February 28, 2023 $	Six months ended February 28, 2022 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(1,496,831)	(1,934,143)
Items not affecting cash:		
Share based compensation (note 8)	233,130	532,733
Depreciation of equipment	214	196
Interest income on restricted deposits	(623)	(124)
Loss on marketable securities (note 6)	55,325	32,144
Change in working capital items:		
Amounts receivable	(55,388)	(4,342)
Prepaid expenses	245,679	(395,937)
Accounts payable and accrued liabilities	(773,498)	(590,264)
	(1,791,992)	(2,359,737)
Investing activities		
Proceeds from sale of marketable securities (note 6)	271,211	-
Purchase of equipment	(58,267)	(7,562)
Mineral exploration property costs (note 7)	(13,283)	(395,586)
Deferred exploration expenditures (note 7)	(4,065,667)	(4,502,075)
	(3,866,006)	(4,905,223)
Financing activities		
Issuance of common shares (note 8)	-	19,300,614
Share issue costs	-	(1,339,178)
Exercise of broker warrants (note 8)	-	21,189
	-	17,982,625
Effect of exchange rate changes on cash	53,171	(25,118)
Net change in cash and cash equivalents	(5,604,827)	10,692,547
Cash and cash equivalents - Beginning of period	7,302,637	5,846,804
Cash and cash equivalents - End of period	1,697,810	16,539,351

Supplemental cash flow information (note 13)

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

(expressed in Canadian dollars)

1. Nature of operations and going concern

General information

On July 31, 2020, the company changed its name to C3 Metals Inc. (referred to herein collectively with its subsidiaries as the "Company") from Carube Copper Corp. Additionally, the Company's ticker symbol on the TSX Venture Exchange ("TSX-V") was changed to CCCM. On June 18, 2015, Miocene Resources Limited ("Miocene") completed a reverse takeover with Carube Resources Inc. (CRI). On July 7, 2015, the Company commenced trading on the TSX-V under the former name Carube Copper Corp.

C3 Metals Inc. is an exploration stage junior mining company. Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 161 Bay Street, 27th Floor, Toronto, Ontario, Canada where it is domiciled. The Company's subsidiaries include: Carube Resources Inc., domiciled in Toronto, Canada; Carube Resources Jamaica Limited and Rodinia Jamaica Limited, which are both domiciled in Kingston, Jamaica; Latin America Resource Group Limited, domiciled in Toronto, Canada; C3 Metals Peru S.A.C. (formerly KA Oro S.A.C.) and Molino Azul S.A.C., which are both domiciled in Lima, Peru.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From inception to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at February 28, 2023, the Company had working capital of $1,337,935. Given the Company's plans for significant exploration expenditures on its projects during 2023, existing funds on hand at period end are not sufficient to support planned exploration costs, costs of acquiring new exploration properties or ongoing corporate costs over the coming year. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. On April 21, 2023, the Company closed the first tranche of a non-brokered private placement financing raising gross proceeds of $4,668,000 (see note 14). The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These unaudited condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the years ended August 31, 2022 and 2021 which have been prepared in accordance with IFRS. These financial statements were approved by the board of directors for issue on April 27, 2023.

General information and basis of consolidation

C3 Metals Inc. was incorporated under the *Business Corporations Act (Ontario)* on March 29, 2010. The Company completed a reverse takeover with CRI on June 18, 2015. Carube Resources Inc. was incorporated under the *Business Corporations Act (Ontario)* on August 2, 2007 under the name 2144321 Ontario Inc. and was inactive until October 2009 at which time its name was changed to CRI. On March 31, 2011, CRI incorporated Carube Resources Jamaica Limited (CRJL), a wholly-owned Jamaican subsidiary, in order for it to hold the Bellas Gate project mineral exploration licences and to conduct business as operator of the project. On March 31, 2012, CRI acquired all of the outstanding shares of Rodinia Jamaica Limited (RJL) in exchange for common shares of CRI. RJL held title to four Special Exclusive Prospecting Licenses (SEPLs) in Jamaica. On February 26, 2020, the Company acquired all of the outstanding shares of Latin America Resource Group Limited (LARG) along with its wholly-owned Peruvian subsidiary, KA Oro S.A.C., which has been renamed C3 Metals Peru S.A.C. (C3 Peru). On June 7, 2021, Molino Azul S.A.C. (Molino) was incorporated to hold additional property interest in Peru.

The Company's financial statements consolidate those of the parent company and each of its 100% wholly-owned subsidiaries CRI, CRJL, RJL, LARG, C3 Peru and Molino. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost method.

Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2022.

(expressed in Canadian dollars)

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended August 31, 2022 and 2021 except as described in the notes to these condensed consolidated interim financial statements.

New and revised accounting standards

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years beginning on or after January 1, 2022. Many are not applicable or do not have a significant impact on the Company and have been excluded from the summary below.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policies. The amendments aim to help entities provide accounting policy disclosures that are more useful to the users of the financial statements by replacing significant accounting policies with the requirement of disclosing only those accounting policies that are material. The amendments further clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The IASB has developed guidance and examples to help entities apply materiality judgments to accounting policy disclosure. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

4. Restricted deposits

The Company has established a corporate credit card account for the payment of travel, corporate costs and exploration expenditures. An amount of $51,413 (August 31, 2022 - $50,790) held in a guaranteed investment certificate has been pledged as collateral for the maximum credit limit on this credit card account.

5. Amounts receivable

Amounts receivable of $151,415 (August 31, 2022 - $171,027) is comprised of harmonized sales tax (HST) receivable in Canada of $108,914 and other sundry receivables of $42,501.

6. Marketable securities

	Level 1 $	Level 3 $	Total $
Balance, August 31, 2021	127,803	-	127,803
Value of shares received	450,000	-	450,000
Sale of shares	(26,970)	-	(26,970)
Loss on marketable securities	(224,297)	-	(224,297)
Balance, August 31, 2022	326,536	-	326,536
Value of shares received	-	75,000	75,000
Sale of shares	(271,211)	-	(271,211)
Loss on marketable securities	(55,325)	-	(55,325)
Balance, February 28, 2023	-	75,000	75,000

Tocvan Ventures Corp.

At August 31, 2021, the Company had a balance of 113,100 common shares of Tocvan Ventures Corp. ("Tocvan") received under the terms of the option agreement for the Rogers Creek, BC project. During September 2021, the Company received 500,000 additional Tocvan common shares in connection with its sale of the Rogers Creek project to Tocvan (see note 7). During April 2022, the Company sold 30,000 shares realizing proceeds of $26,970. During November and December 2022, the Company sold the remaining 583,100 shares realizing proceeds of $271,211. As at February 28, 2023, the Company had no remaining investment in the common shares of Tocvan. These shares were classified as fair value through profit and loss as a level 1 investment and were recorded at fair value using the quoted market price of Tocvan's common shares on the Canadian Securities Exchange.

Cascade Copper Corp.

During September 2022, the Company received 625,000 Cascade Copper Corp. ("Cascade Copper") common shares in connection with its sale of the Rogers Creek project to Tocvan (see note 7). These shares are classified as fair value through profit and loss as a level 3 investment and are recorded at the fair value based on the prelisting financing price of Cascade Copper. Cascade Copper completed its public listing on the Canadian Securities Exchange during April 2023.

(expressed in Canadian dollars)

7. Mineral exploration properties and deferred exploration expenditures

	Jasperoide (Peru) $	Bellas Gate (Jamaica) $	Rodinia and Other Licenses (Jamaica) $	Rogers Creek and Mackenzie (BC, Canada) $	Total $
Mineral exploration properties:					
Balance, August 31, 2022	14,974,172	1,741,145	1,030,241	-	17,745,558
Licence and claim renewal fees	12,481	27	775	-	13,283
Translation to presentation currency	178,482	235	221	-	178,938
Balance, February 28, 2023	15,165,135	1,741,407	1,031,237	-	17,937,779
Balance, August 31, 2021	8,137,689	1,738,909	997,683	525,000	11,399,281
Licence acquisition and renewal fees	394,913	514	159	-	395,586
Cash paid for Rodinia royalty purchase	-	-	31,785	-	31,785
Shares issued to Ares for Jasperoide interest	5,100,314	-	-	-	5,100,314
Proceeds from sale of Rogers Creek project	-	-	-	(525,000)	(525,000)
Translation to presentation currency	121,126	(125)	(153)	-	120,848
Balance, February 28, 2022	13,754,042	1,739,298	1,029,474	-	16,522,814
Deferred exploration expenditures:					
Balance, August 31, 2022	15,665,755	6,560,786	1,211,992	-	23,438,533
Geology and general field costs	699,616	440,694	1,067,290	-	2,207,600
Geochemical	-	-	315	-	315
Geophysical	325	-	-	-	325
Drilling and related	56,177	772,863	841,940	-	1,670,980
Environmental	33,963	7,938	27,145	-	69,046
Community and social development	343,094	43,860	111,324	-	498,278
Health and safety	70,899	18,008	413	-	89,320
IVA tax recoverable	75,512	-	-	-	75,512
Translation to presentation currency	822,546	64,299	9,773	-	896,618
Balance, February 28, 2023	17,767,887	7,908,448	3,270,192	-	28,946,527
Balance, August 31, 2021	5,498,368	4,160,598	790,561	-	10,449,527
Geology and general field costs	1,394,988	237,925	64,301	-	1,697,214
Geochemical	1,524	53	-	-	1,577
Geophysical	179,560	1,050	-	-	180,610
Drilling and related	1,955,828	78,485	6,822	-	2,041,135
Environmental	71,549	1,520	2,172	-	75,241
Community and social development	465,149	16,609	-	-	481,758
Health and safety	143,806	10,328	-	-	154,134
IVA tax recoverable	529,912	-	-	-	529,912
Translation to presentation currency	534,219	(32,292)	116	-	502,043
Balance, February 28, 2022	10,774,903	4,474,276	863,972	-	16,113,151

Jasperoide project, Peru

The Company holds a 100% beneficial interest in 49 exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These 51 concessions are located in the Andahuaylas-Yauri belt of Peru and comprise the Jasperoide copper-gold project. The Jasperoide project concessions cover a total area of 26,798 hectares. On February 26, 2020, the Company completed the acquisition of a 100% interest in LARG. At that time, LARG's subsidiary C3 Peru held a 100% beneficial interest in eight exploration concessions and had two option agreements to earn a potential 100% in five additional concessions. On July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild Mining PLC's ("Hochschild") interest in the Jasperoide project relating to three concessions subject to an option agreement. This transaction to consolidate the ownership in Jasperoide was closed during October 2021 (see below).

During the fiscal year ended August 31, 2022, the Company acquired four exploration concessions through an auction process and acquired the right to 28 new exploration concessions covering a total area of 20,800 hectares. Additionally, during November 2021, the Company entered into four different purchase agreements with various Peruvian companies or individuals to acquire six mining concessions for a total amount of US$417,663; covering a total area of 1,000 hectares. At February 28, 2023, full legal title has transferred to the Company and the amounts outstanding have been paid in full, except for a payment of US$80,000 that becomes payable November 2024. Of the concessions acquired, three concessions are subject to a 0.5% net smelter return ("NSR") royalty up to a maximum amount of US$300,000. The Company has a right to repurchase the NSR royalty at any time for US$300,000.

(expressed in Canadian dollars)

La Bruja
Two concessions are subject to an option agreement with Inversiones La Bruja S.A.C. ("La Bruja"), where the Company can earn a 100% interest in the equity shares of La Bruja subject to minimum exploration expenditures of US$2,000,000 and total cash option payments of US$2,000,000. Between June 2020 and February 2023, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Cash option payments totalling US$750,000 have been provided to February 28, 2023, including US$250,000 paid during August 2022. A total balance of US$1,250,000 in future cash payments are required on or before the following dates: US$200,000 by August 23, 2023; US$200,000 by August 23, 2024; US$350,000 by February 23, 2025; and, US$500,000 by August 23, 2025. During the quarter ended August 31, 2021, cumulative exploration expenditures incurred exceeded the total minimum requirement of US$2,000,000. Following the earn-in of a 100% interest in the concessions a NSR royalty of 1.5% would be payable to the former shareholders of La Bruja.

Ares
Three concessions were subject to an option agreement with Compania Minera Ares S.A.C. ("Ares") where the Company had the right to earn an initial 51% interest in these concessions subject to incurring cumulative exploration expenditures of US$5,000,000 (including LARG and C3 Peru expenditures prior to the February 26, 2020 acquisition date and including certain administrative costs) by October 2023. During June 2021, the Company exceeded the cumulative expenditure requirements and on July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild's interest in the three concessions. As consideration for the acquisition, during October 2021 the Company issued 25,001,540 common shares of the Company valued at $5,100,314 to Ares. The common shares issued were subject to certain contractual resale restrictions providing that the common shares were not be sold, transferred, optioned, encumbered, pledged or hypothecated in any way, for periods extending to 12 months from the date of issuance.

In connection with the acquisition, the Company granted a 1.5% NSR royalty in favour of Ares in respect of the Ares mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to 0.5%) for a price of US$1,000,000 at any time, replacing the previously granted 1.5% net smelter returns royalty that had no buy back provision.

Bellas Gate property agreements

OZ Minerals Ltd. agreements

Current OZ Minerals agreement
During September 2016, the Company announced it had finalized a Heads of Agreement ("HoA") with OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals"), to acquire all of OZ Minerals' property holdings in Jamaica which included the 70% interest that OZ Minerals had earned in the Bellas Gate Project (see below) and five licences covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company retained a 100% interest in the Above Rocks project as OZ Minerals elected not to proceed with the joint venture earn-in (see below). A definitive legal agreement incorporating the terms of the HoA was concluded in January 2017.

Under the terms of the definitive agreement, for the acquisition of the 70% interest in the Bellas Gate Project the Company is obligated to: (i) pay OZ Minerals $8.5 million within one year of commencement of commercial production at Bellas Gate; (ii) pay OZ Minerals an additional $4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% NSR with a buyback right of two-thirds of the NSR for $1.3 million with any NSR payments capped at a maximum amount of $20 million.

Additionally, the Company acquired a 100% interest in the five OZ Minerals licences consisting of the Arthur's Seat, Berkshire Hall, Mount Ogle, Shirley Castle and Windsor Castle Special Exclusive Prospecting Licences (SEPLs). Under the terms of the January 2017 agreement the Company was obligated to provide OZ Minerals a single payment of $1.5 million within one year of commencement of commercial production on any of the five licences. Each of the licences was subject to a 2% NSR with a buyback of one-half of the NSR for $500,000. During May 2019, the Company completed amendments to the agreement with OZ Minerals to: (i) waive the $1.5 million payment within one year of commencement of commercial production if the mineral product is less than 10,000 tonnes per annum; and, (ii) reduce the 2% NSR to a 1% NSR with a buyback of one-half for $250,000 on any of the SEPLs.

On June 19, 2019, the Company announced an agreement with Geophysx Jamaica Ltd. ("Geophysx"), pursuant to which Geophysx agreed to acquire six of the Company's SEPLs located in Jamaica including four of the SEPLs acquired from OZ Minerals and two of the Rodinia SEPLs. The SEPLs contain early-stage copper-gold exploration projects and include the Belvedere, Mount Royal, Mount Ogle, Berkshire Hall, Windsor Castle and Shirley Castle SEPLs.

Pursuant to this agreement, Geophysx acquired a 100% interest in each of the projects for total cash of $277,605 (US$210,000). The Company retains a NSR royalty of 1% on four of these SEPLs. Geophysx will have the right to buy down the first half of the NSR for US$50,000 per each 0.1% of the NSR (total of US$250,000) and the second half of the NSR for US$70,000 per each 0.1% of the NSR (total of US$350,000). Geophysx would make future cash payments to the Company at milestones following commencement of commercial production that could total US$240,000.

Preceding OZ Minerals agreements
During May 2013, the Company entered into a term sheet with OZ Minerals that lead to a farm-in joint venture agreement relating to the Bellas Gate Project which consists of the Bellas Gate and Browns Hall SEPLs which total 84 sq. km. in area.

The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the Bellas Gate Project and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica (which comprise the other four SEPLs, excluding the Bellas Gate Project SEPLs). During January 2014, OZ Minerals completed a US$900,000 equity investment in the Company and confirmed the satisfactory completion of their due diligence and that all conditions precedent had been satisfied such that the terms of the May 2013 term sheet became binding. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015.

Significant terms of the definitive agreement included an initial phase of work by OZ Minerals for $500,000 of exploration expenditures. In total, to earn a 70% interest in the Bellas Gate Project, OZ Minerals was required to spend $6.5 million on exploration and make cash payments to the Company of $475,000 over a maximum period of 3.5 years. During January 2016, the Company announced that OZ Minerals had incurred cumulative exploration expenditures in excess of $8.3 million and had fulfilled the Phase 4 earn-in requirements to have a vested 70% interest in the Bellas Gate Project. OZ Minerals was then able to earn a further 10% interest by financing all work to the end of a feasibility study. This Phase 5 of the earn-in was initiated during February 2016.

(expressed in Canadian dollars)

Additionally, OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects (comprised of four SEPLs, see *Rodinia Jamaica property licenses* below) in return for the right to enter into joint ventures on any or all of the projects. OZ Minerals completed the airborne geophysics during June 2015. During September 2015, the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Bellas Gate Project is subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM").

Rodinia Jamaica property licenses

Acquisition of Rodinia Jamaica Limited
On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia"). RJL held a 100% interest in four SEPLs in Jamaica which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal and total 184 sq. km. in area. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks. Rodinia retained a 2% NSR in respect of the four SEPLs.

On June 22, 2021, the Company entered into a binding agreement with Rodinia to purchase 1.5% of the 2% NSR related to the Hungry Gully and Main Ridge SEPLs in Jamaica for cash consideration of $93,497 (US$75,000) and the issuance of 190,062 common shares valued at $29,840. On February 19, 2022, the Company entered into an additional agreement with Rodinia to purchase the remaining 0.5% NSR related to the Hungry Gully and Main Ridge SEPLs for cash consideration of $31,785 (US$25,000). No royalties remain payable on the Hungry Gully and Main Ridge SEPLs.

Sale of licences to Geophysx Jamaica Ltd.
On June 19, 2019, the Company announced an agreement with Geophysx, pursuant to which Geophysx agreed to acquire six of the Company's SEPLs including four of the SEPLs acquired from OZ Minerals and the Belvedere and Mount Royal SEPLs (see above). The Company retains a 100% interest in the Hungry Gully and Main Ridge SEPLs.

Rogers Creek and Mackenzie properties
The Rogers Creek and Mackenzie projects were acquired with the reverse takeover of Miocene. These properties are described as follows.

Rogers Creek
During September 2021, the Company completed the sale of a 100% interest in the Rogers Creek property to Tocvan Ventures Corp. ("Tocvan") as discussed below. The Rogers Creek project is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver and consists of 23 claims totalling 212 sq. km. in area. A 2.5% NSR royalty is payable to the original vendor of the property upon production, half of which can be purchased for $1.25 million.

During May 2018, the Company entered into an option earn-in agreement with Tocvan who had a right to earn an 80% interest in the Rogers Creek project by spending $1,900,000 on exploration; payment of $25,000 cash; and the issuance of 1,300,000 Tocvan common shares over the initial four year earn-in period. Initial payments of $25,000 cash and 500,000 common shares were payable following the Canadian Securities Exchange's approval of Tocvan's going public transaction. These initial payments were received during March 2019. During June 2020, the Company received a second payment of 200,000 common shares. Following the successful completion of the earn-in, an 80% / 20% joint venture was to be formed where the Company would have retained a 20% interest in the project subject to funding future pro-rata expenditures. A 3% NSR royalty was to be payable by Tocvan to the Company with advance royalty payments of $50,000 per year after Tocvan had earned its 80% interest.

On September 29, 2021, the Company and Tocvan entered into a purchase and sale agreement for the Rogers Creek project whereby Tocvan acquired a 100% interest in the project and the prior option earn-in agreement was terminated. Consideration received for the sale was comprised of 500,000 common shares of Tocvan and 625,000 common shares in a newly formed company called Cascade Copper (see note 6). Tocvan spun out its 100% interest in the Rogers Creek project into Cascade Copper, which will focus on copper porphyry exploration assets in Southern British Columbia. The Company will retain a 2% NSR on the Rogers Creek project where 1% can be repurchased for $1 million.

Mackenzie
The Company had a 100% interest in the Mackenzie property located within the Coastal Mountain Belt of British Columbia, north of Vancouver which consisted of 9 claims totalling 91 sq. km. in area. As at August 31, 2021, the Company recorded an impairment charge of $3,039,374 with respect to its property and exploration expenditures related to the Rogers Creek and Mackenzie projects. This impairment charge left a residual value of $525,000 relating to the Rogers Creek property equivalent to the value of the Tocvan and Cascade Copper common shares received. A full impairment charge with respect to the Mackenzie project was recorded. During December 2021, the Mackenzie project claims lapsed.

(expressed in Canadian dollars)

8. Capital stock

Authorized
The Company is authorized to issue an unlimited number of common shares, having no par value.

Issued
Share issuances during fiscal 2023
No new shares were issued during the six month period ended February 28, 2023.

Share issuances during fiscal 2022
During February 2022, the Company issued 1,500,000 common shares valued at $165,000 for vested restricted share units and issued 814,014 common shares valued at $76,167 for deferred share units.

During December 2021, the Company issued 423,800 common shares valued at $32,137 in connection with the exercise of 423,800 broker warrants.

On November 9, 2021, the Company closed a bought deal private placement with a syndicate of underwriters led by Canaccord Genuity Corp., pursuant to which the underwriters purchased a total of 101,582,178 common shares of the Company for gross proceeds of $19,300,614. In connection with this financing, cash commissions totaling $1,150,541 were paid to the underwriters (in addition to other direct share issue costs incurred of $165,323) and a total of 6,016,031 broker warrants exercisable for common shares at $0.19 were issued with an expiry date of November 9, 2023. These broker warrants were recorded at a value of $634,100.

During October 2021, the Company issued 25,001,540 common shares of the Company valued at $5,100,314 to Ares for its interest in the Jasperoide project (see note 7).

Warrants
As at February 28, 2023, there were no warrants outstanding. During September 2022, a balance of 5,200,000 warrants exercisable at $0.08 expired. No warrants were issued during fiscal 2022 or during the six month period ended February 28, 2023.

Broker warrants
As at February 28, 2023, a total of 6,016,031 broker warrants were outstanding that were issued to agents in connection with the November 2021 bought deal private placement. Each broker warrant entitles the holder to purchase one common share at a price of $0.19 per share until their expiry date on November 9, 2023. These broker warrants were recorded at a value of $634,100.

The fair value of broker warrants was estimated using the Black-Scholes option pricing model and these values have been presented in contributed surplus and share issue costs reducing capital stock. The range of assumptions used for the valuation of warrants during fiscal 2022 was as follows: expected life of 2.0 years; expected volatility of 107%; risk-free interest rate of 0.95%; and, a dividend yield of nil.

During August 2022, a balance of 1,575,000 broker warrants exercisable at $0.055 expired. During February 2022, a balance of 3,706,900 broker warrants at an exercise price of $0.14 per share expired.

Stock options
During October 2010, the Company approved a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

Activity with respect to stock options is as follows:

	Number	Weighted-average exercise price $	Expiry
Balance, August 31, 2021	38,345,000	0.11	April 2022 to April 2026
Granted	16,400,000	0.08	January 2023 to August 2026
Expired	(2,585,000)	0.10	April 2022 to June 2022
Forfeited	(500,000)	0.17	April 2026
Balance, August 31, 2022	51,660,000	0.10	December 2022 to August 2027
Expired	(11,700,000)	0.12	December 2022 to January 2023
Balance, February 28, 2023	39,960,000	0.09	July 2023 to August 2027

(expressed in Canadian dollars)

As at February 28, 2023 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price $	**Number of options**	**Weighted-average remaining contractual life (years)**	**Number of options**	**Weighted-average remaining contractual life (years)**	**Expiry**
0.05	8,610,000	1.8	8,610,000	1.8	December 7, 2024
0.08	4,550,000	1.2	4,550,000	1.2	May 15, 2024
0.08	15,400,000	4.5	6,000,000	4.5	August 15, 2027
0.10	1,000,000	0.4	1,000,000	0.4	July 31, 2023
0.11	1,600,000	2.9	1,600,000	2.9	January 5, 2026
0.15	1,000,000	0.4	1,000,000	0.4	July 31, 2023
0.15	5,300,000	3.1	5,300,000	3.1	March 26, 2026
0.17	500,000	3.1	500,000	3.1	April 15, 2026
0.20	1,000,000	0.4	1,000,000	0.4	July 31, 2023
0.25	1,000,000	0.4	1,000,000	0.4	July 31, 2023
	39,960,000	2.8	30,560,000	2.3	

On January 31, 2022, the Company granted a total of 1,000,000 stock options to a consultant of the Company. These stock options were exercisable at $0.125 per share and expired on January 31, 2023. On August 15, 2022, the Company granted a total of 15,400,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at $0.08 per share and expire on August 15, 2027. On December 31, 2022, a total of 10,700,000 stock options with exercise prices ranging from $0.08 to $0.15 expired.

During the six month period ended February 28, 2023, the Company recorded a total of $177,130 (six month period ended February 28, 2023 - $477,733) in share based compensation expense related to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2022 utilized the following assumptions and values.

	2022
Expected volatility	66.9% to 96.12%
Expected option life (in years)	1.0 to 5.0
Risk-free interest rate	1.22% to 3.05%
Expected dividend yield	Nil
Weighted-average exercise price	0.083
Weighted-average market price at grant date	0.060
Weighted-average fair value	0.038

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

On June 13, 2013, Company shareholders adopted an RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 9,126,451. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

(expressed in Canadian dollars)

Restricted share units
RSUs have been utilized to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

On August 15, 2022, the Company granted 2,036,364 RSUs to an officer. These RSUs will vest over a one year period. During the six month period ended February 28, 2023, the Company recorded $56,000 in share based compensation expense with respect to these RSUs based on the fair value at the respective grant dates. The value of RSUs granted is recorded as share based compensation expense in contributed surplus over the vesting period. During February 2022, the Company issued 1,500,000 common shares in settlement of vested RSUs.

Deferred share units
DSUs have been utilized as a means of reducing the cash payable by the Company for amounts owing to non-executive directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are settled with the issuance of common shares to directors when they retire from the board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date and recorded as share based compensation expense in contributed surplus over the vesting period.

As at February 28, 2023, a total of 737,680 DSUs were outstanding (February 28, 2022 - 737,680) having been previously granted to directors of the Company. No additional DSUs were granted during the six month period ended February 28, 2023 or during the year ended August 31, 2022. During February 2022, the Company issued 814,014 common shares in settlement of DSUs to a retired director.

9. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer, Vice President and Director. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Three months ended February 28, 2023 $	Three months ended February 28, 2022 $	Six months ended February 28, 2023	Six months ended February 28, 2022
Salaries and contract fee expense of key management	183,359	245,838	364,576	544,274
Value of RSUs expensed (note 8)	28,000	13,750	56,000	55,000
Value of stock options with officers and directors expensed (note 8)	71,606	148,884	143,211	382,368
	282,964	408,472	563,787	981,642

As at February 28, 2023, a total of $37,323 (August 31, 2022 - $20,164) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations and expenses.

The Company has management service agreements with each of its Chief Executive Officer, Vice President, Exploration and Chief Financial Officer which provide for a payment upon termination without cause. The Chief Executive Officer and Vice President Exploration would be entitled to six months' compensation upon termination without cause. With respect to the Chief Financial Officer, a payment equivalent to three months' compensation is payable upon termination without cause. The service agreements for the Chief Executive Officer, Vice President Exploration and Chief Financial Officer also provide that under certain conditions, including a change in control of the Company, that each of these individuals would be entitled to a lump sum payment. These payments are equivalent to twelve months' compensation with respect to the Chief Executive Officer and Vice President Exploration and six months' compensation with respect to the Chief Financial Officer.

10. Financial instruments and risk management

As at February 28, 2023, the Company's financial instruments include cash and cash equivalents, restricted deposits, marketable securities, accounts payable and accrued liabilities. Due to the short-term nature of these financial instruments the carrying values approximate their fair values.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at August 31, 2022. There have been no changes in the Company's risk management policies or procedures since the year end.

(expressed in Canadian dollars)

11. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Peru, Jamaica and previously in British Columbia, Canada. Long-term assets by geographic area are as follows:

	February 28, 2023			August 31, 2021		
	Equipment $	Mineral exploration properties $	Deferred exploration expenditures $	Equipment $	Mineral exploration properties $	Deferred exploration expenditures $
Peru	56,404	15,165,135	17,767,887	62,145	14,974,172	15,665,755
Jamaica	57,861	2,772,644	11,178,640	3,507	2,771,386	7,772,778
Canada	8,376	-	-	9,789	-	-
	122,641	17,937,779	28,946,527	75,441	17,745,558	23,438,533

12. Capital management

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs (see note 1, going concern).

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

13. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Six months ended February 28, 2023 $	Six months ended February 28, 2022 $
Mineral exploration property costs included in accounts payable and accrued liabilities	-	31,785
Exploration expenditures included in accounts payable and accrued liabilities	531,073	652,629
Depreciation of field vehicle and equipment charged to exploration expenditures	14,636	6,877
Share consideration receivable for sale of Rogers Creek project	(75,000)	75,000
Shares issued for Jasperoide property interest	-	5,100,314
Effect of changes in foreign exchange rates on:		
Working capital	(48,722)	261,361
Equipment	3,783	4,201
Mineral exploration property costs	178,938	120,848
Deferred exploration expenditures	896,618	502,043

14. Subsequent events

Private placement
On April 4, 2023, the Company announced the initiation of a non-brokered private placement of up to 100,000,000 common shares at a price of $0.05 per common share for proceeds of up to $5,000,000. On April 21, 2023 , the Company closed the first tranche of this private placement, issuing a total of 93,360,000 common shares for total gross proceeds of $4,668,000.