C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of C3 Metals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of C3 Metals Inc. and its subsidiaries (together, the Company) as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at August 31, 2023 and 2022;
- the consolidated statements of operations and comprehensive (income) loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 August 31, 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, 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 impairment indicators of exploration and evaluation assets *Refer to note 2 – Significant accounting policies, note 3 – Critical accounting estimates and judgments, and note 9 – Exploration and evaluation assets to the consolidated financial statements.* The carrying amount of exploration and evaluation assets amounted to $51,526,672 as at August 31, 2023. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, exploration and evaluation assets are reviewed for impairment. Determining whether to test for impairment requires management's judgments regarding the following factors (impairment indicators), among others: (i) the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration and evaluation of mineral resource properties in a specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resource properties in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area; or (iv) sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgments made by management in determining the impairment indicators which included the following: – Obtained for all claims evidence to support (i) the right to explore the area and (ii) claim expiration dates. – Read the board of directors' minutes and obtained budget approvals to evidence continued and planned substantive expenditure on further exploration and evaluation of mineral resource properties, and whether the right to explore in the specific areas is expected to be renewed. – Assessed whether exploration for and evaluation of mineral resource properties in specific areas has not led to the discovery of commercially viable quantities of mineral resources or whether sufficient data exists to indicate that the carrying amounts of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
amount of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at August 31, 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 its assessment of the impairment indicators related to exploration and evaluation assets which have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Leanne Hassell.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 21, 2023

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	August 31, 2023 $	August 31, 2022 $
Assets		
Current assets:		
Cash and cash equivalents	2,832,823	7,302,637
Restricted deposits (note 4)	50,788	50,790
Amounts receivable (note 5)	37,618	171,027
Prepaid expenses	154,646	425,889
Marketable securities (note 6)	53,125	326,536
	3,129,000	8,276,879
Equipment (note 7)	107,444	75,441
Exploration advances (note 8)	573,836	-
Exploration and evaluation assets (note 9)	51,526,672	41,184,091
	52,207,952	41,259,532
Total assets	55,336,952	49,536,411
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	482,146	1,011,616
Total liabilities	482,146	1,011,616
Shareholders' equity		
Capital stock (note 10)	67,435,582	62,570,390
Warrants (note 10)	-	66,390
Contributed surplus	5,949,496	5,262,413
Accumulated deficit	(20,385,675)	(19,458,403)
Accumulated other comprehensive income	1,855,403	84,005
Total shareholders' equity	54,854,806	48,524,795
Total liabilities and shareholders' equity	55,336,952	49,536,411

Going concern (note 1)

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

Approved by the Board of Directors:

/s/ Antony Manini
Director

/s/ Kimberly Ann Arntson
Director

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive (Income) Loss

(expressed in Canadian dollars)

	Year ended August 31, 2023 $	**Year ended August 31, 2022 $**
Expenses		
Promotion and investor relations	518,908	741,458
Regulatory authority and transfer agent fees	64,336	96,165
Legal, accounting, audit and financial advisory	159,433	264,927
Office, general and administrative	1,330,561	1,660,229
Project generation and evaluation	-	3,367
Share based compensation (note 10)	432,476	816,125
	2,505,714	3,582,271
Gain on sale of NSR royalty (note 9)	(1,625,940)	-
Interest income	(83,331)	(75,619)
Loss on marketable securities (note 6)	77,200	224,297
Foreign exchange loss	53,629	88,012
	(1,578,442)	236,690
Net loss for the year	927,272	3,818,961
Other comprehensive income		
Items that may be subsequently reclassified to operations		
Foreign currency translation adjustment	(1,771,398)	(1,396,559)
Total comprehensive (income) loss for the year	(844,126)	2,422,402
Loss per common share:		
Basic and diluted	0.02	0.09
Weighted average number of common shares outstanding:		
Basic and diluted	48,122,626	43,554,231

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

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock[1]		Warrants[1]		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	$	#	$	$	$	$	$
Balance, August 31, 2021	35,398,540	39,869,436	400,000	66,390	4,064,303	(15,639,442)	(1,312,554)	27,048,133
Net loss for the year	-	-	-	-	-	(3,818,961)	-	(3,818,961)
Foreign currency translation adjustment	-	-	-	-	-	-	1,396,559	1,396,559
Total comprehensive income (loss) for the year	-	-	-	-	-	(3,818,961)	1,396,559	(2,422,402)
Shares issued for Jasperoide property interest (note 9)	1,923,195	5,100,314	-	-	-	-	-	5,100,314
Brokered private placement of shares (note 10)	7,814,013	19,300,614	-	-	-	-	-	19,300,614
Broker warrants issued to finders (note 10)	-	(634,100)	-	-	634,100	-	-	-
Share issue costs	-	(1,339,178)	-	-	-	-	-	(1,339,178)
Exercise of broker warrants (note 10)	32,600	32,137	-	-	(10,948)	-	-	21,189
Shares issued for vested restricted share units (note 10)	115,384	165,000	-	-	(165,000)	-	-	-
Shares issued for deferred share units (note 10)	62,616	76,167	-	-	(76,167)	-	-	-
Restricted share unit compensation charge (note 10)	-	-	-	-	59,667	-	-	59,667
Stock option compensation charge (note 10)	-	-	-	-	756,458	-	-	756,458
	9,947,808	22,700,954	-	-	1,198,110	(3,818,961)	1,396,559	21,476,662
Balance, August 31, 2022	45,346,348	62,570,390	400,000	66,390	5,262,413	(19,458,403)	84,005	48,524,795
Net loss for the year	-	-	-	-	-	(927,272)	-	(927,272)
Foreign currency translation adjustment	-	-	-	-	-	-	1,771,398	1,771,398
Total comprehensive income (loss) for the year	-	-	-	-	-	(927,272)	1,771,398	844,126
Non-brokered private placement of shares (note 10)	7,692,307	5,000,000	-	-	-	-	-	5,000,000
Share issue costs (note 10)	-	(134,808)	-	-	-	-	-	(134,808)
Restricted share unit compensation charge (note 10)	-	-	-	-	107,333	-	-	107,333
Stock option compensation charge (note 10)	-	-	-	-	513,360	-	-	513,360
Expiry of warrants (note 10)	-	-	(400,000)	(66,390)	66,390	-	-	-
	7,692,307	4,865,192	(400,000)	(66,390)	687,083	(927,272)	1,771,398	6,330,011
Balance, August 31, 2023	53,038,655	67,435,582	-	-	5,949,496	(20,385,675)	1,855,403	54,854,806

[1] Number of issued common shares and warrants have been retroactively adjusted for the Share Consolidation effected on December 19, 2023 (see note 10).

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

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Year ended August 31, 2023 $	Year ended August 31, 2022 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(927,272)	(3,818,961)
Items not affecting cash:		
Share based compensation (note 10)	432,476	816,125
Depreciation of equipment	439	404
Accrued Interest on restricted deposits	(1,253)	(714)
Loss on marketable securities (note 6)	77,200	224,297
Gain on sale of NSR royalty (note 9)	(1,625,940)	-
Interest income received on restricted deposits	1,255	-
Change in working capital items:		
Amounts receivable	58,409	(60,326)
Prepaid expenses	271,243	(210,818)
Accounts payable and accrued liabilities	(887,008)	(739,577)
	(2,600,451)	(3,789,570)
Investing activities		
Proceeds from sale of marketable securities (note 6)	271,211	26,970
Purchase of equipment (note 7)	(58,267)	(15,434)
Exploration advances (note 8)	(573,836)	-
Proceeds from sale of NSR royalty (note 9)	1,625,940	-
Exploration and evaluation assets (note 9)	(8,112,794)	(13,100,311)
	(6,847,746)	(13,088,775)
Financing activities		
Issuance of common shares (note 10)	5,000,000	19,300,614
Share issue costs	(134,808)	(1,339,178)
Exercise of broker warrants (note 10)	-	21,189
	4,865,192	17,982,625
Effect of exchange rate changes on cash	113,191	351,553
Net change in cash and cash equivalents	(4,469,814)	1,455,833
Cash and cash equivalents - Beginning of year	7,302,637	5,846,804
Cash and cash equivalents - End of year	2,832,823	7,302,637

Supplemental cash flow information (note 16)

The accompanying notes are an integral part of these consolidated 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 exploration and evaluation assets 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 69 Yonge Street, Suite 200, 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.

On December 19, 2023, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one post-consolidation share for every thirteen pre-consolidation shares previously held (the "Share Consolidation"). This resulted in 804,504,235 pre-consolidation shares (including shares issued in the November 15, 2023 private placement – see note 17) being consolidated to 61,884,802 post-consolidation shares. Additionally, the exercise or conversion price and the number of shares issuable with respect to all of the Company's outstanding convertible securities was proportionately adjusted in connection with the Share Consolidation. All share and per share amounts in these consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board 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 August 31, 2023, the Company had working capital of $2,646,854 (August 31, 2022 - $7,265,263). Subsequent to year end, on November 15, 2023, the Company closed a non-brokered private placement for gross proceeds of $8,050,000 (see note 17). Given the Company's plans for significant exploration expenditures on its projects during fiscal 2024, existing funds on hand at year end, in combination with the proceeds from the November 2023 private placement, 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. 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Board of Directors of the Company approved these consolidated financial statements for issue on December 21, 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 or Rodinia) 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.

(expressed in Canadian dollars)

Acquisition accounting

The acquisition method of accounting is used to account for acquisitions. The cost of an acquisition is measured as the aggregate fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

If the investee constitutes a business, as defined by IFRS, the acquisition is accounted for as a business combination whereby identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in net loss.

If the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition, whereby the cost of the acquisition is allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. No goodwill can be recognized in an asset acquisition.

Cash and cash equivalents

Cash and cash equivalents include cash held in banks and investments which have a term to maturity at the time of purchase of ninety days or less and which are readily convertible into cash.

Equipment

Equipment is initially recorded at cost and is then depreciated using the diminishing balance method at the following annual rates: computers at 25% to 30%, office furniture and equipment at 20% and field vehicles and equipment at 10% to 30%.

Exploration and evaluation assets

Acquisition costs of mineral exploration properties together with direct exploration and development expenditures are capitalized and are carried at cost less any impairment loss recognized. When production is attained, these costs will be amortized. If properties are abandoned or it is determined that there is an impairment in value, the costs of the properties and related deferred expenditures will be written down to their estimated recoverable amount at that time. Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statements of operations and comprehensive loss. Expenditures of a general nature are expensed to project generation and business development in the consolidated statements of operations and comprehensive loss.

Option-out agreements are accounted for as farm-out arrangements. The Company, as the farmor, does not record any expenditures made by the optionee on its behalf, does not recognize any gain or loss on the option-out arrangement, but rather re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash or share consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

Proceeds realized from the sale of property interests are credited against exploration and evaluation assets. Any shortfall or excess is recorded as a loss or gain, respectively, in the consolidated statement of operations.

The Company may be entitled to certain refundable tax credits on qualified exploration expenditures incurred in the Province of British Columbia. The refundable tax credit rate based on qualified expenditures incurred is 20% in British Columbia. In accordance with IAS 20, any tax credits receivable are credited against the costs incurred at the time they are determined to be receivable.

Although the Company has taken steps to verify title to the exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of non-financial assets

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash generating unit is reviewed for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash generating unit level. Impairment reviews for exploration and evaluation assets are carried out on a property by property basis.

An impairment loss is recognized for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less cost to dispose and its value in use. To determine the value in use, management determines a suitable interest rate and estimates expected future cash flows from each asset or cash generating unit. An impairment loss is recognized immediately in the consolidated statements of operations and comprehensive loss. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

(expressed in Canadian dollars)

Share capital and equity-settled share-based payments

Share issue costs are recorded as a reduction of share capital when the related shares are issued.

Share capital issued for non-monetary consideration including exploration property assets and other goods or services is measured at the fair values of the property or goods and services received, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the property or goods and services received, the Company determines their value indirectly by reference to the fair value of the equity instruments granted at an amount based on the recent trading price of Company shares on the TSX-V.

The Company grants stock options to certain officers, directors, employees and consultants of the Company. The vesting period and life of stock options is determined by the Company's Compensation Committee at the time of grant. Each vesting tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation cost related to stock options is charged to expense or is capitalized to exploration and evaluation assets when related to direct exploration activities. Compensation cost is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Restricted share units (RSUs) and deferred share units (DSUs) are measured at the fair value of the shares at the grant date as these are settled through the issuance of shares. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Leases

The Company assesses whether a contract is a lease at inception of the contract and recognizes a right-of-use asset and a corresponding liability with respect to all lease arrangements unless the lease is a low value lease or ends within 12 months. Mineral leases held by the Company are exempt from the provisions of IFRS 16.

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities and any direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Flow-through share accounting

In accordance with current tax legislation, the Company renounces the tax deductions relating to qualified resource expenditures that are financed by the issuance of flow-through shares to the benefit of the flow-through shareholders. Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance.

Deferred income taxes related to the temporary differences created by the renouncement of flow-through share tax benefits to subscribers are recorded on a pro-rata basis when the qualified expenditures are incurred. This can occur either before or after the formal renunciation of expenditures is filed with tax authorities. When the qualified expenditures are incurred, the tax value of the renunciation is recorded on a pro-rata basis as a deferred income tax liability with a corresponding charge to income tax expense in the consolidated statements of operations and comprehensive loss. If unrecognized deferred tax assets exist, deferred tax liabilities recorded upon incurring the qualified expenditures are offset with a deferred tax recovery recorded in the consolidated statements of operations and comprehensive loss. Additionally, as qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss.

During the years ended August 31, 2023 and 2022, no flow-through shares were issued.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of C3 Metals Inc., CRI and LARG is the Canadian dollar. The functional currency of CRJL and RJL is the Jamaican dollar. The functional currency of C3 Peru and Molino is the Peruvian Soles. The functional currency has remained unchanged during the reporting periods for both the parent company and its subsidiaries. The presentation currency of the Company is the Canadian dollar.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at each statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Foreign exchange gains or losses on translation to the functional currency of an entity are recorded in the consolidated statements of operations and comprehensive loss as foreign exchange gain or loss.

Consolidation
The financial statements of CRJL, RJL, C3 Peru and Molino are translated into Canadian dollars on consolidation as follows: assets and liabilities - at the closing rate at the date of the statements of financial position, and income and expenses - at the average rate of the period (as this is considered a reasonable approximation of actual rates). All resulting foreign exchange translation adjustments are recognized in other comprehensive income (loss).

(expressed in Canadian dollars)

Income taxes

Income tax comprises current and deferred tax, when applicable. Income tax is recognized in the consolidated statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax liabilities are always recorded in full.

Deferred income tax assets and liabilities are presented as non-current. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Loss per common share

Loss per common share is calculated based upon the weighted average number of common shares outstanding during the year. As the Company incurred a net loss for the fiscal years ended August 31, 2023 and 2022, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the years presented.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as: amortized cost; fair value through profit or loss; or, fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when it first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at FVTPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets at amortized cost
A financial asset is measured at amortized cost if it is held by a business whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Amounts receivable are classified as and measured at amortized cost.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVTOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so, designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTOCI
On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statements of loss. The election is available on an investment-by-investment basis.

Financial liabilities
Financial liabilities, including accounts payable and accrued liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statements of operations when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

Derecognition of financial assets and liabilities
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. Gains and losses on derecognition are generally recognized in the statement of operations. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations.

Derivative instruments
Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period end. Any gains or losses arising from changes in fair value of derivatives are recorded in the statement of operations.

Fair values
The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

(expressed in Canadian dollars)

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 - Fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the consolidated statements of loss and comprehensive 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. The loss allowance was $Nil as at August 31, 2023 and 2022.

Segmented reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision-maker. The President & CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company has determined that there is only one operating segment being the sector of exploration and development of mineral resource properties.

New and revised accounting standards

Certain pronouncements were issued by the International Accounting Standards Boards (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years beginning on or after January 1, 2022. The Company adopted these standards in the current period; however, they did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain other pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting years beginning on or after January 1, 2023. 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 1 January 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.

3. Critical accounting estimates and judgments

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, equity, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, equity, income and expenses are discussed below.

Exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment regarding the following factors, among others: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and for evaluation of mineral resource properties in a specific area is neither budgeted nor planned; exploration and evaluation of mineral resource properties in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

No impairment indicators were identified by management as at August 31, 2023.

(expressed in Canadian dollars)

Valuation of stock options, warrants and compensation options

The estimation of share-based payment costs and the value of warrants and compensation options requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the expected life of share options, warrants and compensation options granted and the time of exercise of those instruments.
The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

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 $50,788 (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 $37,618 (August 31, 2022 - $171,027) is comprised of harmonized sales tax (HST) receivable in Canada.

6. Marketable securities

	Level 1 $	Level 3 $	Total $
Balance, August 31, 2021	127,803	-	127,803
Value of shares received	450,000	-	450,000
Cash proceeds from sale of shares	(26,970)	-	(26,970)
Loss on revaluation of marketable securities	(224,297)	-	(224,297)
Balance, August 31, 2022	326,536	-	326,536
Value of shares received	-	75,000	75,000
Reclassification of investment	75,000	(75,000)	-
Cash proceeds from sale of shares	(271,211)	-	(271,211)
Loss on revaluation of marketable securities	(77,200)	-	(77,200)
Balance, August 31, 2023	53,125	-	53,125

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 9). 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 cash proceeds from sale of $271,211. As at August 31, 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 9). These shares were classified as fair value through profit and loss as a level 3 investment and were initially 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 and the investment was subsequently reclassified as a level 1 investments and was recorded at fair value using the quoted market price of Cascade Copper on the Canadian Securities Exchange. As at August 31, 2023, the Company continued to hold 625,000 Cascade Copper common shares.

(expressed in Canadian dollars)

7. Equipment

	Computers $	Office furniture and equipment $	Field vehicles and equipment $	Total $
Gross carrying amount				
Balance, September 1, 2022	58,153	4,593	117,885	180,631
Additions	-	-	58,267	58,267
Translation to presentation currency	4,255	-	3,331	7,586
Balance, August 31, 2023	62,408	4,593	179,483	246,484
Accumulated depreciation				
Balance, September 1, 2022	26,616	4,593	73,981	105,190
Depreciation	12,014	-	19,685	31,699
Translation to presentation currency	1,558	-	593	2,151
Balance, August 31, 2023	40,188	4,593	94,259	139,040
Carrying amount, August 31, 2023	22,220	-	85,224	107,444
Gross carrying amount				
Balance, September 1, 2021	39,662	4,593	114,875	159,130
Additions	15,434	-	-	15,434
Translation to presentation currency	3,057	-	3,010	6,067
Balance, August 31, 2022	58,153	4,593	117,885	180,631
Accumulated depreciation				
Balance, September 1, 2021	17,011	4,593	67,008	88,612
Depreciation	9,064	-	6,848	15,912
Translation to presentation currency	541	-	125	666
Balance, August 31, 2022	26,616	4,593	73,981	105,190
Carrying amount, August 31, 2022	31,537	-	43,904	75,441

8. Exploration advances

Exploration advances of $573,836 (August 31, 2022 - $Nil) is comprised of $509,859 related to an advance on a drilling contract and other miscellaneous prepaid costs of $63,977. These exploration advances will be capitalised to exploration and evaluation assets as they are incurred.

(expressed in Canadian dollars)

9. Exploration and evaluation assets

	Jasperoide (Peru) $	Bellas Gate (Jamaica) $	Rodinia and Other Licenses (Jamaica) $	Rogers Creek and Mackenzie (BC, Canada) $	Total $
Balance, August 31, 2021	**13,636,057**	**5,899,507**	**1,788,244**	**525,000**	**21,848,808**
Licence acquisition and renewal fees	1,248,103	1,616	184	-	1,249,903
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)
Cash paid for La Bruja option agreement	331,617	-	-	-	331,617
Geology and general field costs	2,523,250	879,711	326,712	-	3,729,673
Geochemical	1,524	53	-	-	1,577
Geophysical	184,496	1,838	-	-	186,334
Drilling and related	3,657,255	1,233,103	57,546	-	4,947,904
Environmental	163,952	6,672	2,172	-	172,796
Community and social development	1,638,549	69,681	7,180	-	1,715,410
Health and safety	261,194	57,418	736	-	319,348
IVA tax recoverable	1,076,136	-	-	-	1,076,136
Translation to presentation currency	817,479	152,333	27,674	-	997,486
Balance, August 31, 2022	**30,639,926**	**8,301,932**	**2,242,233**	**-**	**41,184,091**
Licence acquisition and renewal fees	62,512	391	811	-	63,714
Cash paid for La Bruja option agreement	278,983	-	-	-	278,983
Geology and general field costs	1,307,070	1,109,647	1,430,931	-	3,847,648
Geochemical	-	3,923	315	-	4,238
Geophysical	325	-	-	-	325
Drilling and related	119,759	1,987,433	1,078,191	-	3,185,383
Environmental	75,820	32,042	40,104	-	147,966
Community and social development	549,940	126,700	116,287	-	792,927
Health and safety	120,122	33,328	413	-	153,863
IVA tax recoverable	127,340	-	-	-	127,340
Translation to presentation currency	1,694,051	42,240	3,903	-	1,740,194
Balance, August 31, 2023	**34,975,848**	**11,637,636**	**4,913,188**	**-**	**51,526,672**

Jasperoide project, Peru

The Company holds a 100% beneficial interest in 50 exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These 52 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 26,993 hectares. During the year ended August 31, 2023, the Company applied for and was awarded an additional 8 exploration concessions for which the Company is now awaiting official title. The Company also applied for two additional exploration concessions through an auction process. Once official title is granted on the additional 8 exploration concessions and depending on whether the Company is successful in the auction process for the two additional exploration concessions, the total Jasperoide project area could increase to between 30,493 hectares and 30,693 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 29 new exploration concessions through an auction and petition process covering a total area of 16,887 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 $532,591 (US$417,663); covering a total area of 970 hectares. At August 31, 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 on or before 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.

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$950,000 have been provided to August 31, 2023, including $278,983 (US$200,000) paid during August 2023. A total balance of US$1,050,000 in future cash payments are required on or before the following dates: 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 1,923,195 common shares of the Company valued at $5,100,314 to Ares.

In connection with the acquisition, the Company granted a 2% 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 1%) 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. In addition, the 2% NSR royalty applies to a five kilometre area of interest from the borders of the three concessions.

Bellas Gate property agreements, Jamaica

OZ Minerals Ltd. 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 including the 70% interest that OZ Minerals had earned from the Company in January 2016 in the Bellas Gate Project 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 prior joint venture earn-in. 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 retained a NSR royalty of 1% on four of these SEPLs. Geophysx had 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 was obligated to make future cash payments to the Company at milestones following commencement of commercial production that could total US$240,000 (see sale of NSR royalty below).

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

Sale of NSR royalty

On August 29, 2023, the Company entered into a Royalty Purchase Agreement with an affiliated company of Geophysx, pursuant to which the Company agreed to sell and transfer all of its remaining rights, title and interest in and to the NSR and rights granted pursuant to the purchase agreement with Geophysx dated June 19, 2019 for cash consideration of $1,625,940 (US$1,200,000). The cash consideration was received on August 31, 2023 and was recorded in other income in the consolidated statement of operations and comprehensive loss.

Rodinia and Other property licenses, Jamaica

The Rodinia and Other property licenses consists of the 100% owned SEPLs in Jamaica known as Arthurs Seat, Main Ridge and Hungry Gully. On February 19, 2022, the Company entered into an agreement with Rodinia Resources Pty Limited to purchase the 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.

Rogers Creek and Mackenzie properties, BC, Canada

On September 29, 2021, the Company and Tocvan Ventures Corp. 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) for a combined value of $525,000. 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 retains a 2% NSR on the Rogers Creek project where 1% can be repurchased for $1 million.

(expressed in Canadian dollars)

10. Capital stock

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

Issued
Share consolidation
On December 19, 2023, the Company effected the Share Consolidation. All share and per share amounts in these consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation.

Share issuances during fiscal 2023
On April 21, 2023 and May 1, 2023, the Company closed a non-brokered private placement in two tranches through the issuance of 7,692,307 common shares at a price of $0.65 per common share for gross proceeds of $5,000,000. In connection with this financing, the Company paid certain eligible finders cash commissions of $93,900.

Share issuances during fiscal 2022
During February 2022, the Company issued 115,384 common shares valued at $165,000 for vested restricted share units and issued 62,616 common shares valued at $76,167 for deferred share units.

During December 2021, the Company issued 32,600 common shares valued at $32,137 in connection with the exercise of 32,600 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 7,814,013 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 462,771 broker warrants exercisable for common shares at $2.47 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 1,923,195 common shares of the Company valued at $5,100,314 to Ares for its interest in the Jasperoide project (see note 9).

Warrants
As at August 31, 2023, there were no warrants outstanding. During September 2022, a balance of 400,000 warrants exercisable at $1.04 expired. No warrants were issued during fiscal 2022 or 2023.

Broker warrants
As at August 31, 2023, a total of 462,771 broker warrants were outstanding that were previously 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 $2.47 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.

Subsequent to year end, a total of 462,771 broker warrants exercisable at $2.47 expired. During August 2022, a balance of 121,154 broker warrants exercisable at $0.715 expired. During February 2022, a balance of 285,146 broker warrants at an exercise price of $1.82 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	2,949,596	1.43	April 2022 to April 2026
Granted	1,261,531	1.08	January 2023 to August 2027
Expired	-198,844	1.30	April 2022 to June 2022
Forfeited	-38,461	2.21	April 2026
Balance, August 31, 2022	3,973,822	1.31	December 2022 to August 2027
Granted	1,246,144	0.65	August 2028
Expired	-1,207,688	1.75	December 2022 to July 2023
Forfeited	-84,612	1.62	March 2026 to August 2027
Balance, August 31, 2023	3,927,666	0.96	May 2024 to August 2028

(expressed in Canadian dollars)

As at August 31, 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
0.65	662,305	1.3	662,305	1.3	December 7, 2024
0.65	1,246,144	4.9	480,768	4.9	August 8, 2028
1.04	349,997	0.7	349,997	0.7	May 15, 2024
1.04	1,153,840	4.0	1,153,840	4.0	August 15, 2027
1.43	123,076	2.4	123,076	2.4	January 5, 2026
1.95	353,843	2.6	353,843	2.6	March 26, 2026
2.21	38,461	2.6	38,461	2.6	April 15, 2026
	3,927,666	3.3	3,162,290	3.0	

On August 8, 2023, the Company granted a total of 1,246,144 stock options to officers, directors, employees and consultants of the Company. These stock options are exercisable at $0.65 per share and expire on August 8, 2028.

On January 31, 2022, the Company granted a total of 76,923 stock options to a consultant of the Company. These stock options were exercisable at $1.63 per share and expired on January 31, 2023. On August 15, 2022, the Company granted a total of 1,184,608 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at $1.04 per share and expire on August 15, 2027. During the year ended August 31, 2023, a total of 1,207,688 stock options with exercise prices ranging between $1.04 to $3.25 expired.

During the year ended August 31, 2023, the Company recorded a total value $513,360 (2022 - $756,458) with respect to stock options. Of this total, $405,643 was recorded in share based compensation expense related to stock options and $107,717 was capitalised to exploration and evaluation assets. 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 2023 and 2022 utilized the following assumptions and values:

	2023	2022
Expected volatility	91.1%	66.9% to 96.12%
Expected option life (in years)	5.0	1.0 to 5.0
Risk-free interest rate	3.86%	1.22% to 3.05%
Expected dividend yield	Nil	Nil
Weighted-average exercise price	0.65	1.08
Weighted-average share price at grant date	0.52	0.78
Weighted-average fair value	0.36	0.49

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 702,034. 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.

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 156,643 RSUs to an officer. These RSUs will vest over a one year period. During the year ended August 31, 2023, the Company recorded a total value of $107,333 (2022 - $59,667) with respect to RSUs based on the fair value at grant date. Of this total, $26,833 was recorded in share based compensation expense and $80,500 was capitalised to exploration and evaluation assets. The value of RSUs granted is recorded in contributed surplus over the vesting period. During February 2022, the Company issued 115,384 common shares in settlement of vested RSUs.

(expressed in Canadian dollars)

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 August 31, 2023, a total of 15,117 DSUs were outstanding (August 31, 2022 - 56,744) having been previously granted to directors of the Company. No additional DSUs were granted during the year ended August 31, 2023 or August 31, 2022. During May 2023, a total of 41,627 DSUs previously issued to a former director valued at $59,124 expired. During February 2022, the Company issued 62,616 common shares in settlement of DSUs to a retired director.

11. Income taxes

For the years ended August 31, 2023 and 2022 a reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	Year ended August 31, 2023 $	Year ended August 31, 2022 $
Loss before income taxes	927,272	3,818,961
Statutory rate	26.50%	26.50%
Expected recovery of income tax	(245,727)	(1,012,024)
Permanent differences	(305,420)	245,659
Foreign tax rate difference	(14,352)	(20,783)
Share issue costs recorded in equity	(35,724)	(354,882)
Origination and reversal of temporary differences	601,223	1,142,030
Recovery of income taxes	-	-

Statutory tax rates presented above reflect the combined Canadian federal and provincial income tax rates enacted as at the Company's fiscal year ends. Significant components of the Company's deferred income tax assets and liabilities are as follows.

	August 31, 2023 $	August 31, 2022 $
Deferred income tax assets and liabilities		
Non-capital loss carry forwards	5,919,826	5,256,239
Asset basis differences	1,160,947	1,641,004
Share issue costs	321,825	412,213
Marketable securities	2,898	28,801
	7,405,496	7,338,257

As at August 31, 2023, no deferred tax asset was recognized related to these non-capital loss carry forward, asset basis difference and share issue cost amounts as realization was not probable. As at August 31, 2023, the Company had loss carry forward balances totalling $22,161,612 which are available to offset future years' taxable income. Loss carry forward balances in each jurisdiction expire as follows.

Year	Canada $	Jamaica $	Peru $	Total $
2030 - 2034	6,580,064	-	-	6,580,064
2035 - 2039	6,110,451	-	-	6,110,451
2040 - 2043	7,295,935	-	-	7,295,935
Indefinite	-	405,681	1,769,481	2,175,162
	19,986,450	405,681	1,769,481	22,161,612

(expressed in Canadian dollars)

12. 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:

	Year ended August 31, 2023 $	Year ended August 31, 2022 $
Salaries and contract fees of key management	701,826	1,168,010
Value of RSUs (note 10)	107,333	59,667
Value of stock options with officers and directors (note 10)	278,368	651,308
	1,087,527	1,878,985

As at August 31, 2023, a total of $16,276 (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.

13. Financial instruments and risk management

As at August 31, 2023 and 2022, 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 examines the various financial risks to which it may be exposed and assesses the impact and likelihood of those risks. The Company may be exposed to various financial risks related to credit risk, liquidity risk, price risk and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors of the Company.

Credit risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and restricted deposits. The Company's cash and restricted deposits are held at a major Canadian financial institution in both Canada and Jamaica and a major financial institution in Peru. The maximum exposure to credit risk is equivalent to the carrying amount. As at August 31, 2023, the Company does not consider any of its financial assets to be impaired.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at August 31, 2023, the Company's liabilities included accounts payable and accrued liabilities of $482,146 all of which are due within normal trade terms of generally 30 days (see note 1, going concern).

Price risk
Marketable securities are subject to price risk relating to the market price and performance of the underlying company in which equity securities are held. A 5% movement in the share price of marketable securities would not have had a significant impact on the Company's results of operations.

Currency risk
The Company's cash is held in Canadian dollar, Jamaican dollar, US dollar and Peruvian Soles accounts. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the US dollar. As at August 31, 2023, the Company held cash in United States dollars of US$1,291,495, equivalent to $1,751,922 (2022 - US$965,802, equivalent to $1,262,713). The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

During the year ended August 31, 2023, the majority of the Company's cash based operating expenses and other income were denominated in Canadian dollars with a total net income of US$1,213,594 (2022 - net expense of US$39,486) denominated in United States dollars. With all other variables held constant, a plus or minus 10% change in the United States / Canadian dollar exchange rate would give rise to a change in reported net loss for the year of plus or minus $160,765 (2021 - $5,001). The use of the 10% rate of change is based on observed historical fluctuations in exchange rates.

Interest rate risk
As at August 31, 2023, the Company does not have any obligations that bear fixed interest rates. The Company is therefore not exposed to the risk of changes in fair value resulting from interest rate fluctuations.

(expressed in Canadian dollars)

14. 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:

	August 31, 2023		August 31, 2022	
	Equipment $	Exploration and evaluation assets $	Equipment $	Exploration and evaluation assets $
Peru	51,867	34,975,848	62,145	30,639,927
Jamaica	48,411	16,550,824	3,507	10,544,164
Canada	7,166	-	9,789	-
	107,444	51,526,672	75,441	41,184,091

15. 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.

16. Supplemental cash flow information

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

	Year ended August 31, 2023 $	Year ended August 31, 2022 $
Exploration and evaluation costs included in accounts payable and accrued liabilities	270,116	646,664
Depreciation of field vehicles and equipment charged to exploration expenditures	31,260	15,508
Stock based compensation charge capitalised to exploration and evaluation assets	188,217	-
Share consideration receivable for sale of Rogers Creek project	(75,000)	75,000
Share consideration received for sale of Rogers Creek project	75,000	450,000
Shares issued for Jasperoide property interest	-	5,100,314
Effect of changes in foreign exchange rates on:		
Working capital	(87,422)	42,119
Equipment	5,435	5,401
Exploration and evaluation assets	1,740,194	997,486

17. Subsequent events

Private placement financing
On November 15, 2023, the Company closed a non-brokered private placement of 8,846,147 common shares at a price of $0.91 per common share for gross proceeds of $8,050,000. In connection with the private placement, the Company paid eligible finders cash commissions of $42,600 and an advisory fee of $107,100.