ARCHER EXPLORATION CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Archer Exploration Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	**December 31, 2022**	September 30, 2022
		$	$
ASSETS			
Current			
Cash		**11,526,348**	213,231
Receivables	6	**671,550**	95,943
Prepaid expenses		**54,238**	6,650
		12,252,136	315,824
Exploration and evaluation assets	7	**28,539,617**	-
Property and equipment	8	**86,014**	-
Total assets		**40,877,767**	315,824
LIABILITIES			
Current			
Trade and other payables	12	**514,224**	238,315
Decommissioning and restoration provision - current portion	10	**624,507**	-
Flow-through premium liability	9	**2,468,856**	-
		3,607,587	238,315
Decommissioning and restoration provision	10	**1,736,644**	-
Total liabilities		**5,344,231**	238,315
SHAREHOLDERS' EQUITY			
Share capital	11(b)	**36,534,381**	3,186,256
Warrants reserve		**3,547,156**	699,457
Contributed surplus		**1,285,447**	414,785
Deficit		**(5,833,448)**	(4,222,989)
Total shareholders' equity		**35,533,536**	77,509
Total liabilities and shareholders' equity		**40,877,767**	315,824

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Tom Meyer"	*/s/ "Michael Konnert"*
Director	Director

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

Archer Exploration Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended December 31, 2022	2021
		$	$
Operating expenses			
Consulting fees	12	**425,943**	203,013
Exploration and evaluation costs		**-**	198,426
Filing fees		**20,863**	6,855
General and administrative	12	**48,657**	35,127
Legal fees		**7,667**	436,059
Management fees	12	**252,949**	73,749
Marketing		**21,860**	6,693
Professional fees		**16,200**	6,728
Rent	12	**21,273**	12,000
Share-based payments	12	**871,662**	187,270
		1,687,074	1,165,920
Other income (expenses)			
Foreign exchange loss		**(1,231)**	(32,687)
Interest expense		**(2,438)**	-
Interest income		**39,344**	-
Recovery of trade and other payables		**40,940**	-
Net loss and comprehensive loss		**(1,610,459)**	(1,198,607)
Net loss per share:			
Basic and diluted		**(0.03)**	(0.14)
Weighted average number of common shares:			
Basic and diluted		**46,701,303**	8,509,422

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

Archer Exploration Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended December 31, 2022	Three months ended December 31, 2021
	$	$
Operating activities:		
Net loss for the period	**(1,610,459)**	(1,198,607)
Items not affecting cash:		
Share-based payments	**871,662**	187,270
Interest expense	**2,438**	-
Recovery of trade and other payables	**(40,940)**	-
Unrealized foreign exchange loss	**1,184**	-
Changes in non-cash working capital:		
Receivables	**36,623**	(44,441)
Prepaid expenses	**(47,588)**	(312,715)
Trade and other payables	**252,374**	186,408
Cash used in operating activities	**(534,706)**	(1,182,085)
Investing activities:		
Exploration and evaluation costs	**(17,296)**	-
Asset acquisition costs	**(172,899)**	-
Cash acquired from Wallbridge	**2,652,997**	-
Cash provided by investing activities	**2,462,802**	-
Financing activities:		
Proceeds from exercise of stock options	**2,000**	-
Proceeds from issuance of non-flow-through units	**3,000,000**	1,072,499
Proceeds from issuance of flow-through units	**3,182,501**	-
Proceeds from issuance of charity flow-through units	**3,999,999**	-
Share issuance costs	**(799,479)**	-
Cash provided by financing activities	**9,385,021**	1,072,499
Change in cash	**11,313,117**	(109,586)
Cash, beginning of period	**213,231**	731,346
Cash, end of period	**11,526,348**	621,760
Supplemental cash flow information:		
Cash paid for income taxes	**-**	-
Cash interest received	**(39,344)**	-
Accounts receivable acquired from Wallbridge	**612,230**	-
Acquisition costs included in trade and other payables	**37,672**	-
Agents warrants issued as share issuance costs	**176,100**	-
Issuance of common shares in the Transaction	**28,564,546**	-
Shares issued as finders' fees in the Transaction	**714,113**	-
Exploration and evaluation costs included in trade and other payables	**23,181**	-
Exploration and evaluation costs from capitalized depreciation	**1,124**	-

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

Archer Exploration Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Warrants reserve	Contributed surplus	Shares to be issued	Deficit	Total shareholders' equity
	#	$	$	$	$	$	$
Balance, September 30, 2021	6,509,422	1,174,961	429,952	21,956	427,500	(743,203)	1,311,166
Issuance of units in private placement	2,000,000	1,230,494	269,505	-	(427,500)	-	1,072,499
Share-based payments	-	-	-	187,270	-	-	187,270
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,198,607)	(1,198,607)
Balance, December 31, 2021	8,509,422	2,405,455	699,457	209,226	-	(1,941,810)	1,372,328
Shares issued upon exercise of stock options	1,667	801	-	(301)	-	-	500
Shares issued upon exercise of warrants	2,600,000	780,000	-	-	-	-	780,000
Share-based payments	-	-	-	205,860	-	-	205,860
Net loss and comprehensive loss for the period	-	-	-	-	-	(2,281,179)	(2,281,179)
Balance, September 30, 2022	11,111,089	3,186,256	699,457	414,785	-	(4,222,989)	77,509
Shares issued upon exercise of stock options	6,666	3,000	-	(1,000)	-	-	2,000
Issuance of common shares in the Transaction	66,211,929	28,564,546	-	-	-	-	28,564,546
Shares issued as finders' fees in the Transaction	1,655,298	714,113	-	-	-	-	714,113
Issuance of non-flow-through units in private placement	4,545,455	1,960,958	1,039,042	-	-	-	3,000,000
Issuance of flow-through units in private placement	4,243,334	2,212,521	969,980	-	-	-	3,182,501
Issuance of charity flow-through units in private placement	2,898,550	3,337,422	662,577	-	-	-	3,999,999
Flow-through premium liability	-	(2,468,856)	-	-	-	-	(2,468,856)
Share issuance costs	-	(975,579)	176,100	-	-	-	(799,479)
Share-based payments	-	-	-	871,662	-	-	871,662
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,610,459)	(1,610,459)
Balance, December 31, 2022	**90,672,321**	**36,534,381**	**3,547,156**	**1,285,447**	**-**	**(5,833,448)**	**35,533,536**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Archer Exploration Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on October 26, 2018. The Company is focusing on the exploration of mineral claims located in Québec and Ontario, Canada. The Company's registered and records office is located at Suite 401 - 353 Water Street, Vancouver, BC V6B 1B8. On February 11, 2021, the shares of the Company began trading on the Canadian Securities Exchange (the "Exchange") under the symbol "RCHR".

a) Going concern

These unaudited condensed interim consolidated financial statements for the three months ended December 31, 2022 and 2021 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriate use of the going concern assumption as the Company is in the development stage and has not generated any revenues. As at December 31, 2022, the Company has a deficit of $5,833,448 (September 30, 2022 - $4,222,989) and for the three months ended December 31, 2022, incurred a net loss of $1,610,459 (2021 - $1,198,607). The Company's continuing operations as intended are dependent upon the ability to obtain the necessary financing to explore and commercialize its mineral claims and administer overhead expenses. Should the Company fail to commercialize its mineral claims, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to realize the carrying value of its net assets. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

b) Share consolidation

On November 8, 2022, the Company completed a consolidation of its common shares on a three to one basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

c) Wallbridge transaction

On July 12, 2022, the Company entered into an asset purchase agreement with Wallbridge Mining Company Limited ("Wallbridge") whereby the Company would acquire from Wallbridge a 100% interest in certain mineral properties located in Québec and Ontario (collectively the "Nickel Assets") in exchange for 66,211,929 common shares of the Company (the "Transaction"). The Company granted Wallbridge a 2% net smelter return ("NSR") royalty on production from certain of the acquired assets.

As a condition precedent to the closing of the Transaction, the Company was required to complete an equity financing for gross proceeds of at least $10,000,000 (Note 11(b)). The Transaction closed on November 18, 2022 (Note 5).

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 24, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended September 30, 2022 and 2021 (the "Annual Financial Statements").

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities, which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

2. BASIS OF PREPARATION (continued)

c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The financial statements are presented in Canadian dollars, except as otherwise noted. References to "USD" are to United States dollars.

d) Reclassification of comparative amounts

Certain prior year amounts in these financial statements have been reclassified to conform to the current year's presentation.

e) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position. Realized and unrealized exchange gains and losses are recognized in the statements of comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

f) Basis of consolidation

Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Intercompany balances and transactions are eliminated upon consolidation.

These financial statements include the accounts of the Company and its wholly owned subsidiary - 1273600 B.C. Ltd.

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements, except for the following:

a) Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as property and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as repairs and maintenance.

The carrying amounts of property and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, whichever is shorter. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use. A summary of the Company's annual depreciation rates and methods is as follows:

Class of property and equipment	Depreciation rate	Depreciation method
Bridges	25 years	Straight-line
Equipment	5 years	Straight-line

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Decommissioning and restoration provision

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of exploration and evaluation assets. Provisions for decommissioning and restoration are recognized in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets.

c) Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the Income Tax Act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company often issues flow-through shares as part of its equity financing transactions to fund its Canadian exploration activities. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of issuance. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized as other income through the statement of loss and comprehensive loss as the eligible expenditures are incurred.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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, revenues and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 4 to the Annual Financial Statements, except for the following:

a) Asset acquisition versus business combination

At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. The Transaction was accounted for as an asset acquisition (Note 5).

b) Decommissioning and restoration provision

Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. In addition, future changes to environmental laws and regulations may increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for decommissioning and restoration. The provision represents management's best estimate of the present value of the future decommissioning and restoration obligation.

(Unaudited - Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future decommissioning and restoration costs are subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and changes in mine life, and as new information concerning the Company's closure and reclamation obligations becomes available.

c) Depreciation of property and equipment

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation of property and equipment and no assurance can be given that actual useful lives and residual values will not differ from current assumptions.

5. WALLBRIDGE ASSETS ACQUISITION

On November 18, 2022, the Company completed its previously announced Transaction.

As consideration for the Nickel Assets, the Company issued to Wallbridge 66,211,929 common shares at approximately $0.43 per share for an aggregate fair value of $28,564,546. The Company also granted to Wallbridge a 2% NSR royalty on production from the Grasset project (Note 7(b)).

In connection with the Transaction, the Company entered into a finders' fee agreement with two parties. As compensation for the introduction of the Company and Wallbridge, the Company issued to the finders 1,655,298 common shares at approximately $0.43 per share for an aggregate fair value of $714,113.

The Company incurred $210,571 in legal fees prior to the closing of the Transaction and the amount is allocated as part of the consideration (the "Transaction costs"). As at December 31, 2023, the Company had $37,672 (September 30, 2022 - $nil) Transaction costs included in trade and other payables.

The acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based Payment*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs that together constitute a business did not exist in the Nickels Assets at the time of acquisition. Accordingly, no goodwill was recorded with respect to the acquisition.

A summary of the Company's consideration paid and the net assets acquired from Wallbridge as at November 18, 2022 is as follows:

	$
Purchase price:	
Fair value of common shares issued to Wallbridge	28,564,546
Fair value of finders' shares	714,113
Transaction costs	210,571
	29,489,230
Purchase price allocation:	
Cash	2,652,997
Account receivable with Magna (Note 6)	612,230
Exploration and evaluation assets (Note 7(b))	28,498,016
Property and equipment (Note 8)	87,138
Decommissioning and restoration provision (Note 10)	(2,361,151)
	29,489,230

(Unaudited - Expressed in Canadian dollars, except where noted)

6. RECEIVABLES

A summary of the Company's receivables is as follows:

	December 31, 2022	September 30, 2022
	$	$
Account receivable with Magna	**612,230**	-
GST/HST recoverable	**59,320**	95,943
	671,550	95,943

Prior to closing the Transaction, the Nickel Assets included a 20.4% share ownership of Lonmin Canada Inc. ("Loncan"), which was sold to Magna Mining Inc. ("Magna"). As a result of the sale, the Nickel Assets recognized a $612,230 account receivable with Magna, which was transferred to the Company upon closing of the Transaction (Note 5). The account receivable is to be settled with Magna shares or cash on or before November 18, 2023.

7. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Caster Property	**Nickel Assets**	**Total**
	$	$	$
Balance, September 30, 2021	37,500	-	37,500
Exploration and evaluation costs	109,990	-	109,990
Impairment	(147,490)	-	(147,490)
Balance, September 30, 2022	-	-	-
Acquisition costs	-	28,498,016	28,498,016
Exploration and evaluation costs	-	41,601	41,601
Balance, December 31, 2022	**-**	**28,539,617**	**28,539,617**

a) Caster Property

On August 1, 2020, the Company entered into an option agreement with Geomap Exploration Inc. whereby the Company was granted an exclusive option to acquire a 100% interest in the "Caster Property" located in Lac Paul, Québec.

On May 31, 2022, the Company decided to discontinue further exploration of the Caster Property and as a result, fully impaired its investment.

b) Nickel Assets

The Company acquired the Nickel Assets through the Transaction with Wallbridge (Note 5). The Nickel Assets comprise of the following exploration and evaluation assets located in Québec and Ontario:

Grasset project, Québec

The Grasset project is a resource-exploration stage Ni-Cu-Co-PGM project located in the James Bay territory in Nord-du Québec administrative region of the Province of Québec, Canada, approximately 77 km west-northwest of the city of Matagami and 170 km north of the town of Amos. The property consists of 153 claims blocks for an aggregate area of 81.81 km^2 located in the Archean Abitibi Subprovince of the southern Superior Province in the Canadian Shield.

Sudbury Properties, Ontario

The Sudbury nickel assets include a large property package comprised of approximately 300 km^2 within 37 properties, including the Parkin, Wisner, North Range, Windy Lake, Trill, South Range, South Range West, and East Range Wahnapitae projects (collectively, the "Sudbury Properties").

(Unaudited - Expressed in Canadian dollars, except where noted)

8. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Bridges	Equipment	Total
	$	$	$
Cost			
Balance, September 30, 2022 and 2021	-	-	-
Acquired through the Transaction (Note 5)	49,266	37,872	87,138
Balance, December 31, 2022	**49,266**	**37,872**	**87,138**
Accumulated depreciation			
Balance, September 30, 2022 and 2021	-	-	-
Additions	232	892	1,124
Balance, December 31, 2022	**232**	**892**	**1,124**
Carrying amount			
Balance, September 30, 2022 and 2021	-	-	-
Balance, December 31, 2022	**49,034**	**36,980**	**86,014**

During the three months ended September 30, 2022, depreciation of $1,124 was capitalized to exploration and evaluation assets (2021 - $nil).

9. FLOW-THROUGH PREMIUM LIABILITY

Flow-through shares are issued at a premium, calculated as the difference between the price of a flow-through share and the price of a common share at that date. The tax deductions generated by the eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

On November 18, 2022, the Company issued 4,545,455 non-flow-through units ("NFT Units") at a price of $0.66 per NFT Unit, 4,243,334 flow-through units ("FT Units") at a price of $0.75 per FT Unit, and 2,898,550 charity flow-through units ("Charity FT Units") at a price of $1.38 per Charity FT Unit for gross proceeds of $10,182,500 (Note 11(b)).

A summary of the Company's flow-through financing and related flow-through premium liability is as follows:

	Number of units	Unit price	Flow-through premium per unit	Flow-through premium liability
	#	$	$	$
FT Units	4,243,334	0.75	0.09	381,900
Charity FT Units	2,898,550	1.38	0.72	2,086,956
	7,141,884			**2,468,856**

A summary of the Company's flow-through premium liability and remaining eligible expenditure obligation movement is as follows:

	Remaining eligible expenditure obligation	Flow-through premium liability
	$	$
Balance, September 30, 2022 and 2021	-	-
Flow-through units issued	7,182,500	2,468,856
Balance, December 31, 2022	**7,182,500**	**2,468,856**

Funds raised through the issuance of FT Units and Charity FT Units are required to be expensed on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation on or before December 31, 2023.

(Unaudited - Expressed in Canadian dollars, except where noted)

10. DECOMMISSIONING AND RESTORATION PROVISION

A summary of the Company's discounted liabilities for decommissioning and restoration provisions is as follows:

	Nickel Assets
	$
Balance, September 30, 2022 and 2021	-
Decommissioning and restoration provision acquired in the Transaction	2,361,151
Balance, December 31, 2022	**2,361,151**
Current portion	**624,507**
Non-current portion	**1,736,644**

As part of the acquisition of the Nickel Assets, the Company acquired the liability associated with the Broken Hammer Project closure activities. The Broken Hammer Project has been in a state of inactivity since 2015 and closure plan activities have been ongoing.

The undiscounted amount of estimated cash flows required to settle the decommissioning and restoration costs of the Broken Hammer Project at the end of the project's life was estimated to be $2,466,990 as at December 31, 2022. The key assumptions on which the provision estimates were based as at December 31, 2022 are as follows:

- Expected timing of the cash flows is based on the estimated useful life of the mines forming part of the Broken Hammer Project. The majority of the expenditures are expected to occur between 2023 and 2034, which is based on the currently anticipated closure dates of the project; and
- The discount rate used is 3.28%.

11. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Issued share capital

During the three months ended December 31, 2022, the Company had the following share transactions:

- On October 7, 2022, the Company issued 6,666 common shares pursuant to the exercise of 6,666 stock options with an exercise price of $0.30. The Company received gross proceeds of $2,000 and reclassified $1,000 from the Company's contributed surplus to share capital.

- On November 18, 2022, in connection with the Transaction, the Company closed a private placement of 4,545,455 NFT Units at a price of $0.66 per NFT Unit, 4,243,334 FT Units at a price of $0.75 per FT Unit and 2,898,550 Charity FT Units at a price of $1.38 per Charity FT Unit, for gross proceeds of $10,182,500. Each NFT Unit consists of one common share and one common share purchase warrant. Each FT Unit and Charity FT Unit consists of one flow-through share and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to acquire one additional common share of the Company at a price of $1.02 until November 18, 2024, the date which is twenty-four months following the closing date of the Transaction. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, $7,510,901 was allocated to share capital and $2,671,599 was allocated to warrants reserve. The fair value of the common shares was based on the market close on the date the units were issued, and the fair value of the warrants was determined using the Black-Scholes option pricing model. A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued on November 18, 2022 is as follows:

Share price	$0.81
Expected life	2 years
Expected volatility	110.00%
Risk-free rate	3.97%
Dividend yield	0.00%

(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

- In connection with the private placement, the Company paid cash finders' fees of $799,479 and issued 385,031 finders' warrants with a fair value of $176,100. Each finders' warrant will be exercisable into one common share of the Company at an exercise price of $0.66 per warrant until May 18, 2024, the date which is eighteen months after the closing date of the Transaction. Total fair value of the finders warrants issued was $176,100 and was recorded as share issuance costs to warrants reserve. A summary of the Company's assumptions used in the Black-Scholes option pricing model for finders' warrants issued on November 18, 2022 is as follows:

Share price	$0.81
Expected life	1.5 years
Expected volatility	110.00%
Risk-free rate	3.97%
Dividend yield	0.00%

- On November 18, 2022, pursuant to the closing of the Transaction, the Company issued 66,211,929 common shares of the Company to Wallbridge at a fair value of $0.43 per share, for an aggregate value of $28,564,546 (Note 5). In connection with the Transaction, the Company also issued 1,655,298 common shares to finders at $0.43 per share for an aggregate value of $714,113 (Note 5).

During the year ended September 30, 2022, the Company had the following share transactions:

- On October 1, 2021, the Company closed a non-brokered private placement for gross proceeds of $1,499,999 from the issuance of 2,000,000 units (the "Units") at a price of $0.75 per Unit (the "Private Placement"). Each Unit consists of one common share and one-half warrant. A whole warrant may be exercised for one common share at price of $1.50 for a period of twenty-four months from the closing date of the Private Placement. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, $1,230,494 was allocated to share capital and $269,505 was allocated to warrants reserve.

- On January 26, 2022, the Company issued 1,667 common shares for gross proceeds of $500 on the exercise of stock options. As a result, $301 was reallocated from contributed surplus to share capital.

- During the year ended September 30, 2022, the Company issued a total of 2,600,000 common shares for gross proceeds of $780,000 on the exercise of warrants.

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, September 30, 2021	4,031,663	0.62
Issued	999,987	1.50
Exercised	(2,600,000)	0.30
Balance, September 30, 2022	2,431,650	1.33
Issued	12,072,370	1.00
Balance, December 31, 2022	**14,504,020**	**1.06**

(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's warrants outstanding as at December 31, 2022 is as follows:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining life
	$	#	years
February 3, 2023	0.45	400,000	0.09
July 20, 2023	1.50	1,031,663	0.55
October 1, 2023	1.50	999,987	0.75
May 18, 2024	0.66	385,031	1.38
November 18, 2024	1.02	11,687,339	1.88
	1.06	**14,504,020**	**1.65**

d) Stock options

On October 12, 2022, the Company's shareholders passed an ordinary resolution approving an omnibus equity incentive compensation plan (the "Omnibus Plan") with an effective date of October 13, 2022 (the "Effective Plan Date"). The Omnibus Plan consists of (i) a "rolling" plan pursuant to which the number of common shares that are issuable pursuant to the exercise of stock options granted under the Omnibus Plan shall not exceed 10% of the issued and outstanding shares of the Company as at the date of any stock option grant; and (ii) a "fixed" plan under which the number of common shares that are issuable pursuant to all equity awards other than stock options granted under the Omnibus Plan, in aggregate is a maximum of 10% of the issued and outstanding common shares of the Company as on the Effective Plan Date.

The exercise price of each stock option is determined by the Board of Directors at the time of grant and cannot be less than the price permitted by the Exchange. Currently, the Exchange requires that the exercise price of stock options must be equal to or greater than the discounted market price (as defined in the policies of the Exchange). The exercise price of stock options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any stock options granted under the Plan at the time of grant subject to the policies of the Exchange.

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	$
Balance, September 30, 2021	348,438	0.36
Granted	500,000	1.53
Cancelled	(160,059)	0.36
Exercised	(1,667)	0.30
Balance, September 30, 2022	686,712	1.21
Granted	2,325,000	0.55
Cancelled	(56,690)	0.35
Exercised	(6,666)	0.30
Balance, December 31, 2022	**2,948,356**	**0.71**

(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's stock options outstanding as at December 31, 2022, is as follows:

Expiry date	Weighted average exercise price	Number of outstanding stock options	Number of exercisable stock options	Weighted average remaining life
	$	#	#	years
January 12, 2023	0.36	40,015	40,015	0.03
December 6, 2023	0.36	33,346	33,346	0.93
June 8, 2026	0.36	49,998	19,998	3.44
October 20, 2026	1.53	499,997	199,997	3.81
December 13, 2027	0.55	2,325,000	775,000	4.95
	0.71	**2,948,356**	**1,068,356**	**4.62**

On December 13, 2022, the Company granted 2,325,000 stock options to certain directors, officers, employees, and consultants. The stock options are exercisable until December 13, 2027 at an exercise price of $0.55 per stock option, and vest in three equal annual installments commencing on the date of the grant. A summary of the Company's assumptions used in the Black-Scholes option pricing model for stock options granted on December 13, 2022 is as follows:

Share price	$0.42
Expected life	5 years
Expected volatility	110.00%
Risk-free rate	3.00%
Dividend yield	0.00%

During the three months ended December 31, 2022, the Company recorded $312,750 (2021 - $187,270) of share-based payments expense related to the vesting of stock options net of cancellations.

During the three months ended December 31, 2022, the weighted average share price on the date of exercise was $0.71 per share (2022 - $1.26 per share).

e) Restricted share units

On December 13, 2022, the Company granted 350,000 restricted share units ("RSUs") to certain officers, employees, and consultants of the Company. The fair value of RSUs is based on the closing price of the Company's common shares on the Exchange on the date immediately preceding the grant date. The RSUs will vest in equal one third annual installments commencing on December 13, 2023 and ending on December 13, 2025.

When the Company issues RSUs, it records a share-based payments expense in the year or period, which the RSUs are granted and/or vested.

A summary of the Company's RSU activity is as follows:

	Number of RSUs	Weighted average issue price
	#	$
Non-vested balance, September 30, 2022 and 2021	-	-
Granted	350,000	0.50
Non-vested balance, December 31, 2022	**350,000**	**0.50**

(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's non-vested RSUs at December 31, 2022, is as follows:

Vesting date	Number of RSUs	Weighted average issue price
	#	$
December 13, 2025 [(1)]	350,000	0.50
	350,000	**0.50**

(1) The RSUs vest rateably over a period of three years with the first tranche vesting on December 13, 2023, the second tranche vesting on December 13, 2024, and the final tranche vesting on December 13, 2025. The vesting date listed above represents the end of the three-year term.

During the three months ended December 31, 2022, the Company incurred share-based payments of $8,912 in connection with RSUs vested (2021 - $nil).

f) Deferred share units

On December 13, 2022, the Company granted 1,100,000 deferred share units ("DSUs") to certain directors of the Company. The fair value of the DSUs is the closing price of the Company's common shares on the Exchange on the date immediately preceding the grant date. The DSUs shall vest when the recipient director ceases to be a director of the Company provided that no DSUs will vest within twelve months of the grant date and are otherwise subject to the Omnibus Plan.

A summary of the Company's DSU activity is as follows:

	Number of DSUs	Weighted average issue price
	#	$
Non-vested balance, September 30, 2022 and 2021	-	-
Granted	1,100,000	0.50
Non-vested balance, December 31, 2022	**1,100,000**	**0.50**

During the three months ended December 31, 2022, the Company incurred share-based payments of $550,000 in connection with the grant of DSUs (2021 - $nil).

12. RELATED PARTY TRANSACTIONS

Related parties consist of key management personnel and companies controlled by key management personnel. The Company's key management personnel are its directors and officers.

A summary of the Company's related party transactions for the three months ended December 31, 2022 and 2021 is as follows:

	2022	2021
	$	$
Consulting fees	**9,916**	-
General and administrative	**25,853**	-
Management fees	**240,574**	73,749
Rent	**21,273**	-
Share-based payments	**801,291**	26,386
	1,098,906	100,135

During the three months ended December 31, 2022, the Company paid general and administrative expenses of $25,853 (2021 - $nil) and rent of $12,000 (2021 - $nil) to Inventa Capital Corp., a company controlled by a director of the Company.

(Unaudited - Expressed in Canadian dollars, except where noted)

12. RELATED PARTY TRANSACTIONS (continued)

During the three months ended December 31, 2022, the Company paid consulting fees of $9,916 (2021 - $nil) and rent of $9,273 (2021 - $nil) to Wallbridge, a company related to a director of the Company.

During the three months ended December 31, 2022, the Company paid management fees of $7,500 (2021 - $7,500) to the Chief Financial Officer ("CFO"), $nil to the former Chief Executive Officer ("CEO") (2021 - $66,249), $130,000 to the former interim CEO (2021 - $nil), $63,893 to the President and CEO of the Company (2021 - $nil), and $39,181 to the Vice President of Exploration of the Company (2021 - $nil).

In connection with the Transaction, the Company issued 827,649 common shares as finders' fees to a director of the Company.

A summary of the Company's share-based payments, net of cancellations to related parties for the three months ended December 31, 2022 and 2021 is as follows:

	2022	2021
	$	$
President and CEO	**60,464**	-
CFO	**3,845**	345
Directors	**698,248**	11,320
Director and former interim President and CEO	**14,548**	18,865
Former CEO	**-**	(4,144)
Vice President of Exploration	**24,186**	-
	801,291	26,386

As at December 31, 2022, the Company had $29,813 (September 30, 2022 - $30,257) due to related parties included in trade and other payables. Interest is not charged on outstanding balances and there are no specific terms of repayment.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value

As at December 31, 2022, the financial instruments such as cash, accounts receivable with Magna, and trade and other payables are classified and measured at amortized cost. The carrying value of cash, accounts receivable with Magna, and trade and other payables approximate the fair value due to the relatively short-term nature of these instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk for the Company is associated with its cash and accounts receivable with Magna. The Company has minimal exposure of credit risk on its cash as the Company's cash is held with major Canadian financial institutions. The maximum exposure of the Company's accounts receivable with Magna is $612,230.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. There is no assurance that the necessary financing will be available in a timely manner or on terms acceptable to the Company.

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

The Company is not exposed to significant interest rate risk on the basis that it does not hold any financial liabilities subject to variable interest rates.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash and trade and other payables) denominated in USD. As at December 31, 2022, the Company does not carry significant cash and trade and other payables balances denominated in USD.

14. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to continue as a going concern and support its exploration of mineral claims. The Company obtains funding primarily through issuing common stock. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the three months ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

On January 12, 2023, 40,015 stock options with an exercise price of $0.36 expired unexercised.

On January 17, 2023, in connection with the termination of a contract with a consultant on December 6, 2022, the Company paid $309,958 in severance.

On February 3, 2023, 400,000 warrants with an exercise price of $0.45 expired unexercised.