

STALLION DISCOVERIES CORP.

(formerly Stallion Gold Corp.)

Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

STALLION DISCOVERIES CORP.
CONDENSED QUARTERLY REPORT
June 30, 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

STALLION DISCOVERIES CORP.

(formerly Stallion Gold Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	June 30, 2023 \$	December 31, 2022 \$
Assets		
Current assets		
Cash	1,718,720	1,566,955
Amounts receivable	98,867	64,005
Prepaid expenses and deposits	365,983	24,990
Total current assets	2,183,570	1,655,950
Non-current assets		
Exploration and evaluation asset (Note 5)	20,081,594	11,847,354
Total assets	22,265,164	13,503,304
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	217,809	175,327
Total liabilities	217,809	175,327
Shareholders' equity		
Share capital (Note 7)	30,641,721	21,207,761
Share-based payment reserve (Note 8)	1,569,626	1,339,924
Warrants reserve (Note 9)	807,325	807,325
Deficit	(10,971,317)	(10,027,033)
Total shareholders' equity	22,047,355	13,327,977
Total liabilities and shareholders' equity	22,265,164	13,503,304

Nature of business and continuing operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 25, 2023:

/s/ "Drew Zimmerman"

Drew Zimmerman, Director

/s/ "Jay Martin"

Jay Martin, Director

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

STALLION DISCOVERIES CORP.

(formerly Stallion Gold Corp.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended June 30, 2023 \$	Three months ended June 30, 2022 \$	Six months ended June 30, 2023 \$	Six months ended June 30, 2022 \$
Expenses				
Consulting fees (Note 6)	49,000	36,000	85,000	72,000
Insurance	5,609	–	12,341	–
Management fees (Note 6)	54,000	45,000	103,500	90,000
Office and miscellaneous	253,146	34,008	461,286	60,277
Professional fees (Note 6)	(14,737)	24,506	27,825	35,374
Rent	555	1,050	1,311	2,400
Stock-based compensation (Note 8)	4,916	–	229,702	270,805
Transfer agent and filing fees	12,569	15,664	67,850	26,747
Total expenses	365,058	156,228	988,815	557,603
Other income				
Interest income	26,821	–	44,531	–
Total other income	26,821	–	44,531	–
Net loss for the period	(338,237)	(156,228)	(944,284)	(557,603)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding	83,677,887	60,062,502	77,018,303	56,416,093

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

STALLION DISCOVERIES CORP.

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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Warrants reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, December 31, 2021	48,062,502	17,187,761	1,078,848	807,325	(9,151,110)	9,922,824
Share-based compensation	12,000,000	2,610,001	–	–	–	2,610,001
Foreign currency translation gain	–	–	270,805	–	–	270,805
Net loss for the period	–	–	–	–	(557,603)	(557,603)
Balance, June 30, 2022	60,062,502	19,797,762	1,349,653	807,325	(9,708,713)	12,246,027
Balance, December 31, 2022	60,062,502	21,207,761	1,339,924	807,325	(10,027,033)	13,327,977
Shares issued for U92 acquisition (Note 3)	3,000,000	1,050,000	–	–	–	1,050,000
Shares issued for private placement	16,000,000	4,000,000	–	–	–	4,000,000
Shares issued for property	12,000,000	4,680,000	–	–	–	4,680,000
Shares issuance cost	–	(296,040)	–	–	–	(296,040)
Share-based compensation	–	–	229,702	–	–	229,702
Net loss for the period	–	–	–	–	(944,284)	(944,284)
Balance, June 30, 2023	91,062,502	30,641,721	1,569,626	807,325	(10,971,317)	22,047,355

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

STALLION DISCOVERIES CORP.

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Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Six months ended June 30, 2023 \$	Six months ended June 30, 2022 \$
Operating activities		
Net loss for the period	(944,284)	(557,603)
Items not involving cash:		
Share-based compensation	229,702	270,805
Changes in non-cash operating working capital:		
Amounts receivable	(34,862)	3,391
Prepaid expenses and deposits	(340,993)	5,374
Accounts payable and accrued liabilities	42,482	(22,174)
Net cash used in operating activities	(1,047,955)	(300,207)
Investing activities		
Exploration and evaluation asset expenditures	(2,504,240)	(494,084)
Net cash used in investing activities	(2,504,240)	(494,084)
Financing activities		
Proceeds from issuance of shares	4,000,000	–
Share issuance costs	(296,040)	–
Net cash provided by financing activities	3,703,960	–
Change in cash	151,765	(794,291)
Cash, beginning of period	1,566,955	3,198,029
Cash, end of period	1,718,720	2,403,738
Non-cash investing and financing activities:		
Shares issued for acquisition of exploration and evaluation property	4,680,000	2,610,001
Shares issued for acquisition of U92	1,050,000	–

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

STALLION DISCOVERIES CORP.

(formerly Stallion Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

1. Nature of Business and Continuing Operations

Stallion Discoveries Corp. (formerly Stallion Gold Corp., Hybrid Minerals Inc., and Savoy Ventures Inc.) (the “Company”) was incorporated on November 7, 2011 under the Business Corporations Act (British Columbia). The head office of the Company is located at Suite 700, 838 West Hastings Street, Vancouver, British Columbia, V6C 0A6.

The Company’s principal business activities include the acquisition and exploration of mineral property assets.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended June 30, 2023, the Company has not generated any revenues and incurred negative cash flow from operating activities. As at June 30, 2023, the Company has an accumulated deficit of \$10,971,317. The Company’s ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Stallion Gold Idaho Corp. (“Stallion Idaho”), U92 Exploration Limited (“U92”), effective on January 5, 2023, and Hathor Exploration Ltd. (“Hathor”), effective on January 11, 2023. All significant inter-company balances and transactions have been eliminated on consolidation. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year during which control exists.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of estimates and judgments

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of share-based compensation, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. Acquisitions

U92 Exploration Limited

On January 5, 2023, the Company acquired U92 Exploration Limited pursuant to a share purchase agreement. U92 is a corporation existing under the laws of the Province of British Columbia with strategic claims in the Western Athabasca Basin.

The Company acquired all of the issued and outstanding common shares of U92, in consideration of (i) issuing 3,000,000 common shares of the Company with a fair value of \$1,050,000 (Note 7) and (ii) paying \$300,000 cash.

This acquisition has been accounted for as an acquisition of assets as U92 did not meet the definition of a business under IFRS 3, Business Combinations.

Purchase consideration

Common share	\$ 1,050,000
Cash	300,000
	<hr/> 1,350,000 <hr/>

Net assets acquired:

Exploration and evaluation assets (Note 5)	<hr/> 1,350,000 <hr/>
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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

3. Acquisitions (continued)

Hathor Exploration Ltd.

On January 11, 2023, the Company acquired Hathor Exploration Ltd. pursuant to a share purchase agreement. Hathor is a corporation existing under the laws of the Province of British Columbia, which includes 17 mineral claims held strategically throughout the Athabasca Basin.

The Company acquired all of the issued and outstanding common shares of Hathor, in consideration of \$400,000 paid in cash and \$37,500 as a finder's fee to an arms-length third party.

This acquisition has been accounted for as an acquisition of assets as Hathor did not meet the definition of a business under IFRS 3, Business Combinations.

Purchase consideration	\$
Cash	<u>437,500</u>
Net assets acquired:	
Exploration and evaluation assets (Note 5)	<u>437,500</u>

4. Disposition of Subsidiaries

On January 1, 2021, the Company disposed of its wholly owned Canadian subsidiary, Hybrid USA, and Mineral One, which is a wholly-owned US. subsidiary of Hybrid USA. On January 1, 2021, the Company derecognized the assets and liabilities of Hybrid USA and Mineral One which resulted in a gain of \$338,505 summarized as follows:

	\$
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Assets and liabilities derecognized	
Accounts receivable	1,324
Accounts payable	(40,627)
Due to related party	(299,202)
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Net liabilities derecognized	338,505
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Gain on disposal	<u>338,505</u>
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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets

	Horse Heaven Property \$	Richmond Mountain Property \$	Athabasca Basin Property \$	Total \$
<i>Acquisition costs:</i>				
Balance, December 31, 2021	6,520,000	–	–	6,520,000
Cash payment	400,000	32,063	–	432,063
Share payment	4,020,000	–	–	4,020,000
Balance, December 31, 2022	10,940,000	32,063	–	10,972,063
Cash payment	400,000	33,657	–	433,657
Share payment	4,680,000	–	–	4,680,000
Additions (Note 3)	–	–	1,787,500	1,787,500
Balance, June 30, 2023	16,020,000	65,720	1,787,500	17,873,220
<i>Exploration costs:</i>				
Balance, December 31, 2021	283,889	–	–	283,889
Assay and claim fees	149,105	27,167	–	176,272
Geological consulting and fieldwork	415,130	–	–	415,130
Balance, December 31, 2022	848,124	27,167	–	875,291
Assay and claim fees	2,544	–	162,573	165,117
Geological consulting and fieldwork	31,338	–	1,136,628	1,167,966
Balance, June 30, 2023	882,006	27,167	1,299,201	2,208,374
<i>Carrying amounts:</i>				
As at December 31, 2022	11,788,124	59,230	–	11,847,354
As at June 30, 2023	16,902,006	92,887	3,086,701	20,081,594

Horse Heaven Property

On March 1, 2021, the Company entered into a Share Option Agreement (“Agreement”) pursuant to which the Company has been granted the option to acquire all the shares outstanding in 1262446 B.C. Ltd. (“Horse Heaven Parent”), a private mineral exploration company. Horse Heaven Parent is the sole owner of Horse Heaven Holdings Inc. which holds a 100% interest in the Horse Heaven mineral property located in Idaho, USA. As consideration, the Company has agreed to pay a total of \$1,200,000 and issue an aggregate 36,000,000 common shares as follows:

- \$200,000 as a non-refundable deposit on the letter of intent and execution and delivery of the agreement (paid);
- \$200,000 and 12,000,000 common shares following the satisfaction or waiver of all of the conditions precedent in the Agreement (the “Effective Date”) (paid and issued);
- \$400,000 and 12,000,000 common shares on the first anniversary of the Effective Date (paid and issued) (Note 7); and
- \$400,000 and 12,000,000 common shares on the second anniversary of the Effective Date (paid and issued) (Note 7).

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5. Exploration and Evaluation Assets (continued)

The Company holds the right to accelerate any of these payments at its discretion and, upon all payments and share issuances being made, the option will be exercised.

In May 2023, the Company completed the payments and exercised its option to acquire 100% interest in Horse Heaven Parent.

Richmond Mountain Property

On May 20, 2022, the Company entered into an earn-in option agreement to acquire 100% of the membership interest in Richmond Mountain LLC ("Richmond"). Richmond is the sole owner of the Richmond Mountain gold project (the "Project") from Bronco Creek Exploration Inc., a wholly-owned subsidiary of EMX Royalty Corporation ("EMX"). As consideration, the Company has agreed to pay a total of US\$500,000 and incur US\$1,500,000 in exploration expenditures as follows:

- Cash payments to be made:
 - US\$25,000 upon execution and delivery of the agreement (paid).
 - US\$25,000 on or before the first anniversary of the Effective Date (paid);
 - US\$50,000 on or before the second anniversary of the Effective Date;
 - US\$50,000 on or before the third anniversary of the Effective Date;
 - US\$100,000 on or before the fourth anniversary of the Effective Date; and
 - US\$250,000 on or before the fifth anniversary of the Effective Date.
- Exploration expenditures to be incurred:
 - US\$200,000 on or before the first anniversary of the Effective Date;
 - US\$200,000 on or before the second anniversary of the Effective Date;
 - US\$300,000 on or before the third anniversary of the Effective Date;
 - US\$350,000 on or before the fourth anniversary of the Effective Date; and
 - US\$450,000 on or before the fifth anniversary of the Effective Date.

Upon completing the option earn-in, EMX will retain a 4% NSR royalty interest on the Project. The Company has the ability to buy down the NSR to 2.5% by:

- completing an initial half-percent (0.5%) royalty buyback for a payment of US\$750,000 prior to the third anniversary of the option exercise.
- If the first buyback is completed, an additional half percent (0.5%) can be bought back for US\$1,000,000, and a third half percent (0.5%) increment for US\$1,200,000 at any time prior to Commercial Production.

Beginning on the first anniversary of the option exercise, the Company will also make annual advance royalty ("AAR") payments of US\$100,000. Additionally, after the option has been exercised, the Company will make payments in gold ounces (or the USD equivalent) at the following Project milestones:

- 200 ounces of gold upon completion of a preliminary economic assessment;
- 400 ounces of gold upon completion of a prefeasibility study; and
- 650 ounces of gold upon completion of a feasibility study.

Athabasca Basin Property

On January 5, 2023 and January 11, 2023, the Company entered into share purchase agreements to acquire 100% interest in U92 and Hathor, which own certain mineral claims in the Athabasca Basin.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

6. Related Party Transactions

- (a) As at June 30, 2023, the amount of \$9,861 (December 31, 2022 – \$nil) was owed to a company controlled by the VP Exploration US of the Company.
- (b) As at June 30, 2023, the balance owing of \$73,400 (December 31, 2022 - \$73,400) was owed to a company where the former President of the Company is the President, CEO, and CFO. The amount owed is non-interest bearing, unsecured and due on demand and is included in accounts payable and accrued liabilities.
- (c) The Company incurred the following transactions with directors/officers of the Company and corporations that are controlled by directors/officers of the Company. The Company has identified all directors/officers as its key management personnel.

	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$
Consulting fees	54,000	54,000
Management fees	103,500	90,000
Professional fees	12,000	17,000
Stock-based compensation	167,447	-
	<hr/>	<hr/>
	336,947	161,000

7. Share Capital

Authorized: Unlimited common shares without par value

Shares issued during the six months ended June 30, 2023:

- (a) On January 11, 2023, the Company issued 3,000,000 common shares with a fair value of \$1,050,000 pursuant to share purchase agreement resulting in the acquisition of U92 (Note 3).
- (b) On February 15, 2023, the Company closed the private placement with the placement of 16,000,000 units of the Company at a price of \$0.25 per unit for a gross proceed of \$4,000,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.50 for a period expiring one. In connection with this private placement, the Company paid finders' fees of \$296,040.
- (c) On May 26, 2023, the Company issued 12,000,000 common shares with a fair value of \$4,680,000 pursuant to the Agreement to acquire Horse Heaven Parent (Note 5).

Shares issued during the year ended December 31, 2022:

- (a) On February 24, 2022, the Company issued 12,000,000 common shares with a fair value of \$4,020,000 pursuant to the Agreement to acquire Horse Heaven Parent (Note 5).

STALLION DISCOVERIES CORP.

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Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

8. Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2021	800,000	0.345
Granted	850,000	0.345
Outstanding, December 31, 2022	1,650,000	0.345
Granted	925,000	0.346
Outstanding, June 30, 2023	2,575,000	0.346

Additional information regarding stock options outstanding as at June 30, 2023, is as follows:

Outstanding and exercisable				
Exercise price \$	Number of stock options outstanding	Number of stock options exercisable	Expiry Date	Remaining contractual life (years)
0.345	800,000	800,000	March 2, 2026	2.67
0.345	850,000	850,000	February 28, 2027	3.67
0.40	50,000	25,000	March 2, 2025	1.67
0.40	600,000	600,000	March 2, 2028	4.68
0.22	275,000	-	June 29, 2028	5.00
0.346	2,575,000	2,275,000		3.70

During the six months ended June 30, 2023, the Company recognized share-based compensation expense of \$229,702 (2022 – \$270,805) in share-based payment reserve. The weighted average grant date fair value was \$0.31 (2022 - \$0.32) per option.

The fair values for stock options granted have been estimated using the Black-Scholes option-pricing model assuming no expected dividends, no forfeitures, and the following weighted average assumptions:

	2023	2022
Risk-free interest rate	3.58%	1.64%
Expected volatility	155%	175%
Expected option life (in years)	4.84	5.00

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Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

9. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2021	4,290,917	0.37
Expired	(4,290,917)	0.37
Balance, December 31, 2022	–	–
Issued	8,000,000	0.50
Balance, June 30, 2023	8,000,000	0.50

As at June 30, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
8,000,000	0.50	February 15, 2024
<u>8,000,000</u>		

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and warrants reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2022.

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Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

11. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash and cash equivalents, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high-credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is currently not exposed to any significant liquidity risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and United States, but has the majority of its cash held in Canada in Canadian dollars. Current exploration programs and option payments are denominated in US dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(f) Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

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Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

12. Subsequent Event

On July 18, 2023, the Company entered into an option agreement with Atha Energy Corp. ("Atha") which give the Company an option to acquire a 70% interest (the "Option") in 47 mineral claims covering 547,524 acres in Western Athabasca Basin, Saskatchewan (the "Project"). The Option will become exercisable upon completion of the following milestones and will remain exercisable for one year thereafter:

- Issuance of 3,333,333 common shares of the Company within two business days following the satisfaction of customary conditions precedent;
- Accumulation of \$3,311,770 Saskatchewan Exploration Expenditure Credits on the Project within 12 months; and
- Accumulation of an additional \$8,688,230 Saskatchewan Exploration Expenditure Credits (for an aggregate of \$12,000,000) on the Project within 60 months.

During the term of the Option, the Company will be the sole operator of all exploration programs on the Project.

Following the exercise of the Option, the Company and Atha will commence a joint venture on the Project with the Company and Atha holding a 70% and 30% interest, respectively.