

# **BENCHMARK METALS INC.**

Consolidated Financial Statements

For the years ended February 28, 2023 and 2022

Expressed in Canadian Dollars

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Benchmark Metals Inc.

**Opinion**

We have audited the consolidated financial statements of Benchmark Metals Inc. and its subsidiary (the "Company") which comprise the consolidated statements of financial position as at February 28, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Consolidated Financial Statements")

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as at February 28, 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.

**Basis for Opinion**

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

**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 February 28, 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.

**Assessment of Impairment Indicators of Exploration and Evaluation Assets**

We draw attention to Notes 3(a), 3(f) and 4 of the Consolidated Financial Statements. As at February 28, 2023, the Company has exploration and evaluation assets of \$99,549,763. At the end of each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of impairment, if any. Indicators of impairment may include (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at February 28, 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 impairment indicators related to exploration and evaluation assets. This in turn resulted in a high degree of subjectivity in performing audit procedures related to the judgments applied by management.

Our approach to addressing the matter included the following procedures, among others:

Assessed the judgment made by management in determining whether there were impairment indicators related to the exploration and evaluation asset, which included the following:

- Obtained, for all mining claims, by reference to government registries, evidence of (i) the right to explore the area and (ii) the expiration dates of the claims.
- Considered which claims will expire in the near future and where management does not have plans to renew by obtaining exploration and evaluation budgets and through discussions with management and the audit committee.
- Assessed the planned substantive expenditures on further exploration for and evaluation of mineral resources in the specific area by reading the minutes of the board of directors and obtaining exploration and evaluation budgets.
- Assessed whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources leading the Company to discontinue activities on the Lawyers Property, or whether sufficient data exists to indicate that the carrying value of the exploration and evaluation asset related to the Lawyers Property is unlikely to be recovered in full from successful development or by sale, based on evidence obtained through reading the Company's preliminary economic assessment for the Lawyers Property, discussions with management and the audit committee, reading the minutes of the board of directors, reading the Company's news releases and obtaining exploration and evaluation budgets.

#### **Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information 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 on this other information, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 consolidated financial reporting process.

## **Auditors' 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 auditors' 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 auditors' 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 auditors' 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 financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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 auditors' report is Michael Ryan Ayre.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

June 28, 2023

BENCHMARK METALS INC.  
Consolidated Statements of Financial Position  
Expressed in Canadian Dollars

	February 28, 2023	February 28, 2022
<b>ASSETS</b>		
Current		
Cash	\$ 17,198,551	\$ 31,484,044
Short-term investment	10,000	10,000
Goods and services tax credit receivable	57,782	591,985
Mineral exploration tax credit receivable	9,699,226	9,055,044
Other receivable	110,896	960,448
Prepaid expenses and deposits	622,924	497,692
	<u>27,699,379</u>	<u>42,599,213</u>
Equipment (note 7)	856,362	501,692
Exploration and evaluation assets (note 4)	99,549,763	76,416,066
Reclamation bonds (note 12)	1,388,457	836,121
Right-of-use asset (note 9)	122,834	204,723
	<u>\$ 129,616,795</u>	<u>\$ 120,557,815</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 629,044	\$ 8,132,104
Deferred flow-through liability (note 11)	723,190	3,388,176
Current portion of lease liability (note 9)	93,233	83,483
	<u>1,445,467</u>	<u>11,603,763</u>
Asset retirement obligation (note 12)	958,370	600,996
Deferred taxes (note 10)	13,466,912	8,182,806
Long-term portion of lease liability (note 9)	22,001	100,662
	<u>15,892,750</u>	<u>20,488,227</u>
<b>EQUITY</b>		
Share capital (note 5)	128,723,496	110,660,512
Option and warrant reserves (note 5)	15,538,515	15,082,225
Deficit	(30,537,966)	(25,673,149)
	<u>113,724,045</u>	<u>100,069,588</u>
	<u>\$ 129,616,795</u>	<u>\$ 120,557,815</u>

Subsequent events (note 14)

Approved on behalf of the Board:

Director (signed by) "Jim Greig"

Director (signed by) "John Williamson"

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

BENCHMARK METALS INC.  
Consolidated Statements of Comprehensive Loss  
Expressed in Canadian Dollars

<b>For the year ended</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
<b>Expenses</b>		
Exploration expenses	\$ 23,014	\$ 13,372
Marketing and investor relations expenses	2,326,180	2,161,055
Management and consulting fees (note 8)	486,136	718,645
Office and administration	429,541	321,737
Professional fees	227,174	208,632
Regulatory and filing fees	80,139	113,330
Share-based compensation (note 5)	314,769	8,745,625
	<b>(3,886,953)</b>	<b>(12,282,396)</b>
<b>Other</b>		
Interest income	455,698	149,880
Settlement of flow-through liability (note 11)	3,850,544	4,672,295
<b>Net income (loss) before taxes</b>	<b>419,289</b>	<b>(7,460,221)</b>
Deferred income tax expense (note 10)	(5,284,106)	(4,891,121)
<b>Net loss and comprehensive loss</b>	<b>\$ (4,864,817)</b>	<b>\$(12,351,342)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.07)</b>
Basic and diluted weighted average number of common shares outstanding	<b>224,460,309</b>	<b>171,568,905</b>

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

BENCHMARK METALS INC.  
Consolidated Statements of Changes in Equity  
For the years ended February 28, 2023 and 2022  
Expressed in Canadian Dollars

	Number of shares	Share capital	Option and Warrant reserve	Deficit	Total equity
<b>Balance at February 28, 2021</b>	<b>158,185,061</b>	<b>\$ 73,099,561</b>	<b>\$ 5,556,637</b>	<b>\$ (13,321,807)</b>	<b>\$ 65,334,391</b>
Shares issued for cash	48,688,293	47,143,385	(417,680)	-	46,725,705
Deferred flow-through liability	-	(5,915,760)	-	-	(5,915,760)
Share issuance costs	-	(2,664,031)	-	-	(2,664,031)
Finders warrants issued	-	(1,002,643)	1,002,643	-	-
Share-based payments	-	-	8,940,625	-	8,940,625
Comprehensive loss	-	-	-	(12,351,342)	(12,351,342)
<b>Balance at February 28, 2022</b>	<b>206,873,354</b>	<b>\$ 110,660,512</b>	<b>\$ 15,082,225</b>	<b>\$ (25,673,149)</b>	<b>\$ 100,069,588</b>
Shares issued for cash	47,182,300	21,063,954	(194,190)	-	20,869,764
Deferred flow-through liability	-	(1,185,558)	-	-	(1,185,558)
Share issuance costs	-	(1,479,701)	-	-	(1,479,701)
Finders warrants issued	-	(335,711)	335,711	-	-
Share-based payments	-	-	314,769	-	314,769
Comprehensive loss	-	-	-	(4,864,817)	(4,864,817)
<b>Balance at February 28, 2023</b>	<b>254,055,654</b>	<b>\$ 128,723,496</b>	<b>\$ 15,538,515</b>	<b>\$ (30,537,966)</b>	<b>\$ 113,724,045</b>

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

BENCHMARK METALS INC.  
Consolidated Statements of Cash Flows  
Expressed in Canadian Dollars

<b>For the year ended</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net income (loss) for the year	\$ (4,864,817)	\$ (12,351,342)
Items not effecting cash:		
Deferred taxes	5,284,106	4,891,121
Share-based payments (notes 5)	314,769	8,940,625
Settlement of deferred flow-through liability	<u>(3,850,544)</u>	<u>(4,672,295)</u>
	<b>(3,116,486)</b>	<b>(3,191,891)</b>
Changes in non-cash working capital:		
Amounts receivable	849,700	(960,066)
Goods and services tax receivable	534,680	(427,768)
Prepaid expenses and deposits	175,881	(217,135)
Accounts payable and accrued liabilities	<u>(8,334,077)</u>	<u>6,918,337</u>
Cash used in operating activities	<u>(9,890,302)</u>	2,121,477
<b>Investing activities</b>		
Purchase of reclamation deposit	(552,336)	(564,039)
Purchase of equipment	(403,210)	(329,136)
Exploration and evaluation assets expenditures	<u>(22,829,708)</u>	<u>(47,907,102)</u>
Cash used in investing activities	<u>(23,785,254)</u>	(48,800,277)
<b>Financing activities</b>		
Proceeds from private placement	20,622,864	40,266,720
Proceeds from exercise of options	246,900	128,499
Proceeds from exercise of warrants	-	6,330,485
Share issuance costs	(1,479,701)	(2,664,030)
Repayment of lease liability	-	(20,578)
Cash provided by financing activities	<u>19,390,063</u>	44,041,096
<b>Net decrease in cash</b>	<b>(14,285,493)</b>	<b>(2,637,704)</b>
Cash – beginning of year	<u>31,484,044</u>	34,121,748
<b>Cash – end of year</b>	<b>\$ 17,198,551</b>	<b>\$ 31,484,044</b>
<b>Non-cash transactions and supplemental disclosures</b>		
Finders warrants issued	\$ 335,711	\$ 1,002,643
Recognition of lease liability and right-of-use-asset	<u>\$ -</u>	<u>\$ 245,668</u>

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



**1. Nature of operations**

Benchmark Metals Inc. (“Benchmark” or the “Company”) was incorporated under the British Columbia Business Corporations Act on November 9, 2010 and has its shares listed for trading on the TSX Venture Exchange under the symbol “BNCH”. The Company’s head office is located at 10545 – 45 Avenue NW, 250 Southridge NW, Suite 300, Edmonton, AB, Canada T6H 4M9. The principal business of the Company is the identification, acquisition, exploration and evaluation of mineral properties.

**2. 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 (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on June 26, 2023.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary PPM Phoenix Precious Metals Corp (“PPM”). All intercompany transactions and balances have been eliminated from the date of acquisition of control.

<b>Name of Subsidiary</b>	<b>Proportion of Ownership Interest</b>	<b>Principal Activity</b>
PPM Phoenix Precious Metals Corp.	100%	Holds mineral interest in BC

These consolidated financial statements are presented in Canadian Dollars, and the use of the symbol “\$” herein is in reference to Canadian Dollars. Disclosures for amounts denominated in currencies other than Canadian Dollars use the International Standards Organization 3-letter symbol for such foreign currency.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its consolidated financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results.

Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

### 3. Significant accounting policies (continued)

#### a) Management estimates and judgments (continued)

##### *Estimates and assumptions*

###### Share-based payments

The fair value of share-based payments is determined using the Black-Scholes option pricing model based on estimated fair values at the date of grant. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the award. Changes in these assumptions can significantly affect the fair value estimate.

###### Asset retirement obligations

The Company's provision for reclamation represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation costs at the Lawyers property. The provision reflects estimates of future costs, inflation, the timing of future cash outflows and the risk-free interest rate for discounting the future cash outflows.

##### *Judgments*

###### Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available.

###### Impairment of exploration and evaluation assets

At the end of each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of impairment, if any. Indicators of impairment may include (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at February 28, 2023.

###### Going concern

Assessment of the Company's ability to continue as a going concern requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.

**3. Significant accounting policies (continued)**

a) Management estimates and judgments (continued)

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant judgments in connection with future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be probable. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

d) Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and short-term investments are recognized at FVTPL.

Receivables are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method. The Company's accounts payable are classified as financial instruments at amortized cost.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the consolidated statements of operations.

**3. Significant accounting policies (continued)**

d) Financial instruments (continued)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

The Company assesses at each reporting date whether there is evidence that a financial asset or a group of financial assets is impaired. Evidence of impairment may include indications that a counter party is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

The Company did not recognize any impairment of financial assets during the years ended February 28, 2023 and 2022.

e) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss. Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income taxes are recorded using the liability method where by deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date.

**3. Significant accounting policies (continued)**

e) Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

f) Exploration and evaluation assets

Exploration and evaluation property acquisition costs and exploration costs directly related to specific properties are capitalized as exploration and evaluation assets and are classified as intangible assets, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analyzing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the capitalized costs of the related property are reclassified as mining assets, which will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties.

g) Equipment

The cost of an 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 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 a repairs and maintenance.

**3. Significant accounting policies (continued)**

g) Equipment (continued)

The carrying amounts of equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation starts on the date when commissioning is complete, and the asset is ready for its intended use. The major categories of equipment are depreciated at the following useful lives:

Camp equipment	20-30%	Declining balance
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h) Government assistance

British Columbia Mining Exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property and are recorded when it is probable the Company will receive the tax credits.

i) Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding stock options and warrants. In the periods when the Company reports a net loss, the effect of potential issuances of shares under stock options and warrants is anti-dilutive. When diluted earnings per share is calculated, only those stock options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the years ended February 28, 2023 and 2022, all the outstanding stock options and warrants were anti-dilutive as the Company reported a net loss.

j) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

### 3. Significant accounting policies (continued)

#### j) Leases (continued)

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation in accordance with the Company's accounting policy and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### k) Share-based payments

Share-based payments related to the issuance of stock options to employees and others providing similar services pursuant to the Company's stock option plan, is measured at grant date, for using the fair value method whereby compensation expense is recorded in profit or loss with a corresponding increase to option and warrant reserve in equity. Share-based payments related to warrants and options issued to non-employees are measured at the fair value of the goods or services received using the graded vesting method. When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. Consideration paid on the exercise of stock options and warrants is recorded as an increase to share capital. Upon the exercise of the stock options or compensation warrants, consideration received together with the amount previously recognized in option and warrant reserve is recorded as an increase to share capital. The Company incorporates an estimated forfeiture rate for stock options that may not vest.

The Company recognizes share issue costs for the fair value of agents' warrants issued as finder's fees in connection with private placements. The fair value calculated is recorded as share issue costs with a corresponding credit to contributed surplus. The Company uses the Black-Scholes option pricing model to determine the fair value of the warrants issued.

### 3. Significant accounting policies (continued)

#### l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs. When some or all of the economic benefits required settling a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

#### m) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

#### n) Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("Deferred flow-through liability").

The Company may, from time to time, issue flow-through shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, gross proceeds are allocated between the equity (share) and liability (flow-through) components on the issue date to the extent that a premium exists. The equity portion is measured at the estimated fair value and the residual is allocated as a liability.

When the expenditures are renounced, the Company reduces the deferred flow-through liability and records a recovery on settlement of flow-through liability. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.



**3. Significant accounting policies (continued)**

n) Flow-through shares (continued)

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

o) Recent accounting pronouncements

New accounting standards effective March 1, 2022

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. – costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022. These amendments did not have a material impact on the Company’s consolidated financial statements.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on or after March 1, 2023, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the consolidated financial statements upon adoption of these new revised accounting pronouncements.

New accounting standards effective March 1, 2023

IAS 1, Presentation of Financial Statements (“IAS 1”) - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

**3. Significant accounting policies (continued)**

o) Recent accounting pronouncements (continued)

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policies disclosures that are more useful by replacing the requirement for entities to disclose "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments are not expected to have a material impact on the Company's consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") - Definition of Accounting Estimates

In February 2021, the IASB amendments to IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has determined that adoption of these amendments has no significant effect on the Company's consolidated financial statements

IAS 12, Income Taxes ("IAS 12") - Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company has determined that adoption of these amendments has no significant effect on the Company's consolidated financial statements.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### 4. Exploration and evaluation assets

##### Lawyers Property in British Columbia, Canada

On September 18, 2019, the Company acquired 100% of the Lawyers' Property through the acquisition of PPM Phoenix Precious Metals Corp. ("PPM"). The Lawyers Property is situated 45 km northwest of the former Kemess South open pit copper-gold mine in the Toodoggone region of the Omineca Mining Division of British Columbia and consists of 46 contiguous mineral claims. The claims cover approximately 14,392 hectares of land that encompass the Lawyers group of prospects, including the former Cheni underground gold-silver mine, Cliff Creek, Dukes Ridge, and Phoenix, and the Silver Pond group of prospects that cover six gold-silver mineral occurrences. Nine of these mineral claims, covering approximately 4,532 hectares, are not subject to royalties.

Total costs incurred on the Lawyers Property are summarized as follows:

	<b>Acquisition</b>	<b>Exploration</b>	<b>Total</b>
<b>Balance, February 28, 2021</b>	<b>\$ 5,552,828</b>	<b>\$ 30,028,439</b>	<b>\$ 35,581,267</b>
Fieldwork	-	9,046,945	9,046,945
Geology	-	556,895	556,895
Drilling	-	25,634,350	25,634,350
Engineering	-	2,677,466	2,677,466
Environmental	-	2,047,573	2,047,573
Assay	-	3,728,063	3,728,063
Amortization	-	53,452	53,452
Permits	-	45,631	45,631
Travel and support	-	724,812	724,812
Community relations	-	1,174,781	1,174,781
Road maintenance	-	1,897,725	1,897,725
Reclamation	-	328,996	328,996
Management fees	-	198,000	198,000
Mineral exploration tax credit	-	(7,279,890)	(7,279,890)
<b>Balance, February 28, 2022</b>	<b>5,552,828</b>	<b>70,863,238</b>	<b>76,416,066</b>
Fieldwork	-	3,962,104	3,962,104
Geology	-	304,148	304,148
Drilling	-	7,903,875	7,903,875
Engineering	-	2,817,664	2,817,664
Environmental	-	3,421,955	3,421,955
Assay	-	1,034,628	1,034,628
Amortization	-	48,540	48,540
Permits	-	23,069	23,069
Travel and support	-	324,867	324,867
Community relations	-	1,255,905	1,255,905
Road maintenance	-	2,113,750	2,113,750
Reclamation	-	357,374	357,374
Management fees	-	210,000	210,000
Mineral exploration tax credit	-	(644,182)	(644,182)
<b>Balance, February 28, 2023</b>	<b>\$ 5,552,828</b>	<b>\$ 93,996,935</b>	<b>\$ 99,549,763</b>

## 5. Share capital

### a) Common shares

The Company's articles authorize an unlimited number of Class "A" common shares without par value.

A summary of changes in common share capital in the year is as follows:

	<b>Number of shares</b>		<b>Amount</b>
<b>Balance, February 28, 2021</b>	<b>158,185,061</b>	<b>\$</b>	<b>73,099,561</b>
Shares issued in private placement	32,136,000		40,266,720
Share issuance costs	-		(2,664,031)
Finders warrants issued	-		(1,002,643)
Flow-through premium liability	-		(5,915,760)
Shares issued upon the exercise of warrants	15,898,127		6,639,290
Shares issued upon the exercise of options	654,166		237,375
<b>Balance, February 28, 2022</b>	<b>206,873,354</b>	<b>\$</b>	<b>110,660,512</b>
Shares issued in private placement	46,279,300		20,622,864
Share issuance costs	-		(1,479,701)
Finders warrants issued	-		(335,711)
Flow-through premium liability	-		(1,185,558)
Shares issued upon the exercise of options	903,000		441,090
<b>Balance, February 28, 2023</b>	<b>254,055,654</b>	<b>\$</b>	<b>128,723,496</b>

On December 9, 2021, the Company completed a private placement of 12,000,000 non-flow through units at \$1.00, 1,920,000 flow-through A units at \$1.25 and 18,216,000 flow-through B units at \$1.42, for gross proceeds of \$40,266,720. Each unit consists of one common share of the Company and one-half of a transferable warrant of the Company. Each warrant is exercisable to purchase one additional share at an exercise price of \$1.55 per share for a two-year period.

On September 29, 2022, the Company completed the first tranche of a private placement of 26,520,000 non-flow through units at \$0.42, and 15,592,700 flow-through units at \$0.48, for gross proceeds of \$18,622,896. Each unit consists of one common share of the Company and one-half of a transferable warrant of the Company. Each warrant is exercisable to purchase one additional share at an exercise price of \$0.65 per share for a two-year period. The Company paid a cash commission of \$1,117,374 and issued non-transferable agent warrants of the Company exercisable to purchase up to 2,526,762 shares at \$0.42 per share for a two-year period.

On October 14, 2022, the Company completed the final tranche of a private placement of 4,166,600 flow-through units at \$0.48, for gross proceeds of \$1,999,968. Each unit consists of one common share of the Company and one-half of a transferable warrant of the Company. Each warrant is exercisable to purchase one additional share at an exercise price of \$0.65 per share for a two-year period. The Company paid a cash commission of \$119,998 and issued non-transferable agent warrants of the Company exercisable to purchase up to 249,996 shares at \$0.42 per share for a two-year period.

5. Share capital (continued)

b) Warrants

A summary of share purchase warrant activity in the year is as follows:

	Number of warrants	Weighted average exercise price
<b>Balance, February 28, 2021</b>	<b>35,276,419</b>	<b>\$ 1.14</b>
Issued	18,296,160	1.49
Exercised	(15,898,127)	0.40
Expired	(5,090)	0.45
<b>Balance, February 28, 2022</b>	<b>37,669,362</b>	<b>\$ 1.62</b>
Issued	25,916,408	0.63
Expired	(19,373,202)	1.75
<b>Balance, February 28, 2023</b>	<b>44,212,568</b>	<b>\$ 0.98</b>

A summary of the warrants outstanding and exercisable is as follows:

February 28, 2023			February 28, 2022		
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
\$ -	-	-	\$ 1.30	2,024,638	0.6
-	-	-	1.80	17,348,564	0.6
1.55	16,068,000	0.8	1.55	16,068,000	1.8
1.00	1,928,160	0.8	1.00	1,928,160	1.8
1.30	300,000	1.4	1.30	300,000	2.4
0.65	21,056,350	1.6	-	-	-
0.42	2,526,762	1.6	-	-	-
0.65	2,083,300	1.6	-	-	-
0.42	249,996	1.6	-	-	-
<b>\$ 0.98</b>	<b>44,212,568</b>	<b>1.3</b>	<b>\$ 1.62</b>	<b>37,669,362</b>	<b>1.2</b>

c) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. All options vest when granted unless otherwise specified by the Board of Directors.

5. Share capital (continued)

c) Stock options (continued)

A summary of stock option activity in the year is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding options, February 28, 2021</b>	<b>10,560,166</b>	<b>\$ 0.44</b>
Issued	11,274,500	1.13
Exercised	(654,166)	0.20
Expired	(550,000)	1.21
<b>Outstanding options, February 28, 2022</b>	<b>20,630,500</b>	<b>\$ 0.81</b>
Issued	1,050,000	0.45
Exercised	(903,000)	0.27
<b>Outstanding options, February 28, 2023</b>	<b>20,777,500</b>	<b>\$ 0.81</b>

On May 3, 2021, the Company granted incentive stock options, for the option to purchase up to 250,000 common shares. The options are exercisable at a price of \$1.50 per common share, for a period of two years. The estimated fair value of these options of \$160,000, or \$0.64 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.47; expected life, 2 years; expected volatility, 83%; risk-free rate 0.30%; expected dividends, 0%.

On June 21, 2021, the Company granted incentive stock options, for the option to purchase up to 4,630,000 common shares. The options are exercisable at a price of \$1.15 per common share, for a period of five years. The estimated fair value of these options of \$4,167,000, or \$0.90 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.08; expected life, 5 years; expected volatility, 125%; risk-free rate 0.97%; expected dividends, 0%.

On September 16, 2021, the Company granted incentive stock options, for the option to purchase up to 69,500 common shares. The options are exercisable at a price of \$1.30 per common share, for a period of two years. The estimated fair value of these options of \$26,410, or \$0.38 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.02; expected life, 2 years; expected volatility, 82.4%; risk-free rate 0.44%; expected dividends, 0%.

On January 26, 2022, the Company granted incentive stock options, for the option to purchase up to 6,325,000 common shares. The options are exercisable at a price of \$1.10 per common share, for a period of five years. The estimated fair value of these options of \$4,364,250, or \$0.69 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.95; expected life, 2 years; expected volatility, 98.9%; risk-free rate 1.66%; expected dividends, 0%.

**5. Share capital (continued)**

c) Stock options (continued)

On April 14, 2022, the Company granted incentive stock options, for the option to purchase up to 50,000 common shares. The options are exercisable at a price of \$1.10 per common share, for a period of one year. The estimated fair value of these options of \$9,500, or \$0.19 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.00; expected life, 1 year; expected volatility, 54.97%; risk-free rate 2.16%; expected dividends, 0%.

On October 21, 2022, the Company granted incentive stock options, for the option to purchase up to 1,000,000 common shares. The options are exercisable at a price of \$0.42 per common share, for a period of five years. The estimated fair value of these options of \$300,000, or \$0.30 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.41; expected life, 5 years; expected volatility, 92.97%; risk-free rate 3.76%; expected dividends, 0%.

For the year ended February 28, 2023, the Company recognized share-based payment expense of \$5,269 (2022 - \$14,769) for options granted and vested in prior periods.

A summary of the options outstanding is as follows:

February 28, 2023			February 28, 2022		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
\$ -	-	-	\$ 0.30	703,000	1.0
0.16	500,000	0.4	0.16	600,000	1.4
0.20	438,000	0.8	0.20	538,000	1.8
0.30	100,000	1.4	0.30	100,000	2.4
0.30	6,215,000	2.1	0.30	6,215,000	3.1
1.30	1,200,000	2.9	1.30	1,200,000	3.9
1.50	250,000	0.2	1.50	250,000	1.2
1.15	4,630,000	3.3	1.15	4,630,000	4.3
1.30	69,500	0.6	1.30	69,500	1.6
1.10	6,325,000	3.9	1.10	6,325,000	4.9
1.10	50,000	0.1	-	-	-
0.42	1,000,000	4.6	-	-	-
<b>\$ 0.81</b>	<b>20,777,500</b>	<b>3.0</b>	<b>\$ 0.81</b>	<b>20,630,500</b>	<b>3.8</b>

## 6. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

#### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian dollars. Management has assessed that the Company's current exposure to currency risk as low, but acknowledges this may change in the future.

#### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be minimal.



## 6. Financial instruments and risk management (continued)

### *Commodity 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 actions to be taken.

### Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit risk at February 28, 2023 is equal to the total of the carrying values of cash, short-term investment and other receivable. The Company has assessed its exposure to credit risk on its cash and short-term investment and has determined that such risk is minimal. All of the Company's cash and its short-term investment are held with a financial institution in Canada. The Company has assessed its exposure to credit risk on its other receivable and has determined that such risk is low.

### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To achieve this objective, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at February 28, 2023, all of the Company's account payable and accrued liabilities of \$629,044 and \$93,233 of lease liabilities are due within one year and \$22,001 of lease liabilities are due between 1 and 2 years.

### Determination of fair value

The statement of financial position carrying amounts for other receivable and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Financial assets and liabilities measured at fair value are grouped into three Levels or a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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);
- Level 3: unobservable inputs for the asset or liability.

**6. Financial instruments and risk management (continued)**

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

<b>As at February 28, 2023:</b>				
<b>Asset:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 17,198,551	-	-	\$ 17,198,551
Short-term investment	\$ 10,000	-	-	\$ 10,000

  

<b>As at February 28, 2022:</b>				
<b>Asset:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 31,484,044	-	-	\$ 31,484,044
Short-term investment	\$ 10,000	-	-	\$ 10,000

**7. Equipment**

	<b>Camp equipment</b>
<b>Balance, February 28, 2021</b>	<b>\$ 212,534</b>
Additions	342,608
Depreciation	(53,450)
<b>Balance, February 28, 2022</b>	<b>\$ 501,692</b>
Additions	403,210
Depreciation	(48,540)
<b>Balance, February 28, 2023</b>	<b>\$ 856,362</b>

During the year ended February 28, 2023, the Company capitalized \$48,540 (2022 - \$53,450) in depreciation to mineral properties.

## 8. Related party transactions and balances

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

<b>For the year ended</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
Management fees paid to companies controlled by directors and officers	\$ 410,000	\$ 704,000
Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets	210,000	198,000
Director fees	60,000	-
Share-based payments	300,000	4,131,000
	<b>\$ 980,000</b>	<b>\$ 5,033,000</b>

### Key management compensation

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel is summarized below:

<b>For the year ended</b>	<b>February 28, 2023</b>	<b>February 28, 2022</b>
Short term benefits	\$ 680,000	\$ 902,000
Share-based payments	300,000	4,131,000
	<b>\$ 980,000</b>	<b>\$ 5,033,000</b>

At February 28, 2023, accounts payable and accrued liabilities include \$9,261 (February 28, 2022 - \$57,156) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended February 28, 2023, the Company issued 1,000,000 options exercisable at \$0.42 to directors of the Company.

## 9. Right-of-use asset and lease liability

As at February 28, 2023 the Company was lessee to a premises lease. The incremental rate of borrowing for this lease was estimated by management to be 10% per annum.

### (a) Right-of-Use Assets

The continuity of right-of-use assets is as follows:

<b>As at February 28, 2022</b>	\$ -
Recognized during the year	245,668
Depreciation	(40,945)
<b>As at February 28, 2022</b>	<b>\$ 204,723</b>
Depreciation	(81,889)
<b>As at February 28, 2023</b>	<b>\$ 122,834</b>

**9. Right-of-use asset and lease liability (continued)**

(b) Lease Liabilities

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	<b>February 28, 2023</b>	<b>February 28, 2022</b>
Undiscounted minimum lease payments:		
Less than one year	\$ 95,027	\$ 86,327
Two years	30,891	125,918
	<b>125,918</b>	212,245
Effect of discounting	<b>(10,684)</b>	(28,100)
Present value of minimum lease payments	<b>115,234</b>	184,145
Less current portion	<b>(93,233)</b>	(83,483)
Long-term portion	<b>\$ 22,001</b>	\$ 100,662

(c) Lease Liability Continuity

The lease liability continuity is as follows:

<b>As at February 28, 2021</b>	\$ -
Recognized during the year	245,668
Deposit and principal repayments	(61,523)
<b>As at February 28, 2022</b>	<b>\$ 184,145</b>
Principal repayments	(68,911)
<b>As at February 28, 2023</b>	<b>\$ 115,234</b>

**10. Income taxes**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	<b>February 28, 2023</b>	<b>February 28, 2022</b>
Combined statutory tax rate	27.00%	27.00%
Income tax recovery at combined statutory rate	\$ 113,208	\$ (2,014,260)
Permanent differences and other	5,170,898	6,905,381
Tax benefits not recognized	-	-
Provision for income taxes	<b>\$ 5,284,106</b>	<b>\$ 4,891,121</b>

**10. Income taxes (continued)**

Significant components of the Company's deferred tax liabilities and unrecognized deferred tax assets are as follows:

	February 28, 2023		February 28, 2022	
	Temporary difference	DIT asset (liability)	Temporary difference	DIT asset (liability)
Non-capital loss carry forwards	\$ 19,323,710	\$ 5,217,402	\$ 14,501,549	\$ 3,915,418
Flow-through liability	723,190	195,261	3,338,176	901,308
Share issuance costs	2,874,099	776,007	4,684,827	1,264,904
Exploration and evaluation assets	(73,897,815)	(19,952,410)	(53,532,291)	(14,453,719)
Capital assets	148,593	40,120	100,053	27,014
Decommissioning liabilities	958,370	258,760	600,996	162,269
Other	(7,600)	(2,052)	-	-
Total gross deferred income tax assets (liability)	(49,877,453)	(13,466,912)	(30,306,690)	(8,182,806)
Less: unrecognized deferred income liability	-	-	-	-
<b>Total deferred income tax liability</b>	<b>\$ (49,877,453)</b>	<b>\$ (13,466,912)</b>	<b>\$ (30,306,690)</b>	<b>\$ (8,182,806)</b>

As at February 28, 2023, the Company had approximately \$19,324,000 (2022 - \$14,502,000) non-capital loss carry forwards available to reduce taxable income for future years. These losses expire as follows:

February 28, 2031	\$ 11,000
February 28, 2032	98,000
February 28, 2033	192,000
February 28, 2034	97,000
February 28, 2035	434,000
February 29, 2036	215,000
February 29, 2037	673,000
February 28, 2038	613,000
February 28, 2039	1,652,000
February 28, 2040	2,480,000
February 28, 2041	3,142,000
February 28, 2042	4,835,000
February 28, 2043	4,882,000
	<u>\$ 19,324,000</u>

**11. Deferred flow-through liability**

During the year ended February 28, 2023, the Company issued 19,759,300 flow-through shares for gross proceeds of \$9,484,464 and recognized a deferred flow-through liability of \$1,185,558, non-cash, which is the difference between the fair market value of the underlying common share and one-half of a transferable warrant and the amount the investor paid for the flow-through units. As at February 28, 2023, the Company had satisfied 39% of the required flow-through eligible exploration expenditures. Therefore, \$462,368 (39%) was settled and recognized as other income during the year ended during the year ended February 28, 2023, leaving a balance of \$723,190 in deferred flow-through liability at February 28, 2023.

**11. Deferred flow-through liability (continued)**

During the year ended February 28, 2022, the Company issued 20,136,000 flow-through shares for gross proceeds of \$28,266,720 and recognized a deferred flow-through liability of \$5,915,760, non-cash, which is the difference between the fair market value of the underlying common shares and the amount the investor paid for the flow-through units. During the year ended February 28, 2022, the Company spent 42.7% of the flow-through proceeds and recognized a partial settlement of the same percentage of the related deferred flow-through liability as other income. As at February 28, 2023, the Company had satisfied the remaining 57.3% of flow-through spending obligation. Therefore, the remaining \$3,388,176 of the deferred flow-through liability was settled and recognized in other income during the year-ended February 28, 2023.

**12. Asset retirement obligation**

As at February 28, 2023, the Company recognized an asset retirement obligation in the amount of \$958,370 (February 28, 2022 - \$600,996) in connection with its Lawyers Property (note 3). In order to obtain a mineral exploration permit, the Company was required to place a total of \$1,388,457 in reclamation bonds with the Ministry of Energy, Mines and Petroleum Resources of the Province of British Columbia.

<b>Balance, February 28, 2021</b>	<b>\$ 272,000</b>
Additions	<u>328,996</u>
<b>Balance, February 28, 2022</b>	<b>600,996</b>
Additions	<u>357,374</u>
<b>Balance, February 28, 2023</b>	<b><u>\$ 958,370</u></b>

**13. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and development of various businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at February 28, 2023, the Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash on hand.

**14. Subsequent events**

Subsequent to February 28, 2023, the Company announced that it has entered into a definitive arrangement agreement (the "Arrangement Agreement") with Thesis Gold Inc. ("Thesis"), pursuant to which Benchmark will acquire all of the issued and outstanding common shares of Thesis (each, a "Thesis Share") by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement" or the "Transaction").

**14. Subsequent events (continued)**

Under the terms of the Transaction, Thesis shareholders will receive 2.5584 common shares of Benchmark (each whole share, a “Benchmark Share”) for each Thesis Share held (the “Exchange Ratio”). The Exchange Ratio implies consideration of C\$0.96 per Thesis Share based on the closing market price of the Benchmark Shares on the TSX Venture Exchange (the “TSXV”) on June 2, 2023, implying a premium of approximately 26.2% to the closing price of the Thesis Shares on the TSXV on the same date. Based on the 20-day volume weighted average price of the Thesis Shares ending on June 2, 2023, the Exchange Ratio implies a premium of 27.8% to Thesis Shareholders. Existing shareholders of Benchmark and former shareholders of Thesis will own approximately 60% and 40%, respectively, of the outstanding shares of the combined company (the “Combined Company”) on the completion of the Transaction.