QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Financial Statements

Years ended
January 31, 2023 and 2022

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Years ended January 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quebec Precious Metals Corporation

Opinion

We have audited the financial statements of Quebec Precious Metals Corporation (the "Entity"), which comprise:

- the statements of financial position as at January 31, 2023 and January 31, 2022
- the statements of loss and comprehensive loss for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 31, 2023 and January 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity is still in the exploration stage and, as such, no revenue has been yet generated; has net losses and negative cash flows from its operating activities for the year ended January 31, 2023; and had an accumulated deficit at January 31, 2023. Accordingly, the Entity depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of operations.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended January 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the “Material Uncertainty related to Going Concern” section of the audit report, we have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Recognition of refundable tax credits related to resources and mining tax credits

Description of the matter

We draw attention to Notes 2.4, 3.11 and 9 to the financial statements. The Entity is eligible to a refundable tax credit on mining duties of 16% applicable on 50% of the eligible expenses. The Entity is also eligible to a refundable tax credit related to resources for mining industry companies of up to 38.75% for eligible expenses incurred. These tax credits are recorded as a government grant against exploration and evaluation expenses, and are recognized when there is reasonable assurance that they will be received and that the Entity will comply with the conditions associated with the applicable tax credits laws and regulations.

Why the matter is a key audit matter

We identified the recognition of tax credits related to resources and mining tax credits as a key audit matter. This matter represented an area of higher assessed risk of material misstatement given the magnitude of the tax credits. In addition, specialized skills and knowledge and industry experience were required in evaluating the results of our audit procedures due to the complexities of the applicable tax laws and regulations in the mining sector.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We inspected correspondence and settlement documents with taxing authorities to assess their impact, if any, on the recognition and recoverability of mining and resources tax credits.
- We compared the mining tax credit rate and the tax credit related to resources rate used by the Entity to determine the recognized tax credits with the applicable rates per the applicable tax laws and regulations.
- We involved tax specialists with specialized skills and knowledge and industry experience who assisted in evaluating the Entity’s assessment of the eligibility of expenditures included in the mining tax credits and tax credits related to resources recognized.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. 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 in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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

- Determine, from the matters communicated with those charged with governance, 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's 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 auditor's report is Marc-André Fontaine.

KPMG LLP*

Montréal, Canada

May 24, 2023

*CPA auditor, public accountancy permit No. A131804

QUEBEC PRECIOUS METALS CORPORATION
(An exploration company)
Statements of Financial Position
As at January 31, 2023 and January 31, 2022
(in Canadian dollars)

	Note	January 31 2023	January 31 2022
		$	**$**
Assets			
Current assets:			
Cash		262,706	1,578,789
Marketable securities	4	1,151,913	137,366
Other receivables		2,245	-
Taxes receivable		30,324	283,121
Prepaid expenses		61,563	150,814
Deposits related to exploration and evaluation activities		-	4,000
Tax credits related to resources receivable		561,498	1,188,817
Mining tax credits receivable		221,342	161,495
Total current assets		2,291,591	3,504,402
Non-current assets:			
Property and equipment	5	1,127	5,250
Total non-current assets		1,127	5,250
Total assets		2,292,718	3,509,652
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		72,037	1,118,121
Loan	6	40,000	-
Total current liabilities		112,037	1,118,121
Non-current liabilities:			
Loan	6	-	35,199
Total non-current liabilities		-	35,199
Total liabilities		112,037	1,153,320
Equity:			
Share capital	7	50,543,316	50,501,034
Contributed surplus		5,055,487	5,007,913
Deficit		(53,418,122)	(53,152,615)
Total equity		2,180,681	2,356,332
Total liabilities and equity		2,292,718	3,509,652

Statute of incorporation, nature of activities and going concern, see Note 1.

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

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

(S) Julie Robertson	(S) James Shannon
Director	Director

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Loss and Comprehensive Loss

Years ended January 31, 2023 and 2022

(in Canadian dollars)

		January 31 2023	January 31 2022
		$	$
Operating expenses:			
Salaries and employee benefit expense		374,431	1,045,312
Office and other expenses		232,532	170,065
Business development and investor relations		175,278	510,030
Registration, listing fees and shareholders information		85,306	84,619
Professional and consulting fees		406,820	464,052
Depreciation of property and equipment		1,483	3,421
Share-based compensation	8	47,574	247,917
Write-off of equipment		2,640	-
Part XII.6 tax		452	452
Exploration and evaluation expenses	9	877,048	3,480,950
Operating loss		2,203,564	6,006,818
Other (income) expenses:			
Finance expense		212,606	2,683
Interest income		(20,805)	(4,266)
Government assistance	6	-	(27,484)
Change in fair value of marketable securities	4	(534,547)	21,544
Gain on disposal of mining projects	9	(580,000)	(75,000)
Gain on disposal of net smelter return (NSR)	9	-	(2,000,000)
Transaction termination fee from disposal of mining project	9	(1,000,000)	-
Gain on settlement/adjustment of other liabilities		(15,223)	-
Exchange loss (gain)		(88)	2,532
Total net other (income)		(1,938,057)	(2,079,991)
.			
Loss before income tax		(265,507)	(3,926,827)
Income tax recovery	10	-	117,468
Net loss and comprehensive loss		(265,507)	(3,809,359)
Weighted average number of common shares outstanding		82,552,550	78,715,979
Basic and diluted loss per share:		(0.003)	(0.048)

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Changes in Equity

Years ended January 31, 2023 and 2022

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Total equity
			$	$	$	$
Balance as at January 31, 2022		82,458,877	50,501,034	5,007,913	(53,152,615)	2,356,332
Shares issued:						
As payment of director's fees	7	535,910	42,282			42,282
Share options granted	8			32,306		32,306
Deferred share units granted	8			15,268		15,268
		82,994,787	50,543,316	5,055,487	(53,152,615)	2,446,188
Net loss and comprehensive loss for the year					(265,507)	(265,507)
Balance as at January 31, 2023		82,994,787	50,543,316	5,055,487	(53,418,122)	2,180,681
Balance as at January 31, 2021		67,684,334	47,551,328	4,615,282	(49,343,256)	2,823,354
Shares issued:						
Private placements	7	14,774,543	3,250,399			3,250,399
Share issuance costs	7		(300,693)			(300,693)
Share options granted	8			247,917		247,917
Brokers and intermediaries' options granted	8			48,002		48,002
Deferred share units granted	8			96,712		96,712
		82,458,877	50,501,034	5,007,913	(49,343,256)	6,165,691
Net loss and comprehensive loss for the year					(3,809,359)	(3,809,359)
Balance as at January 31, 2022		82,458,877	50,501,034	5,007,913	(53,152,615)	2,356,332

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Cash Flows

Years ended January 31, 2023 and 2022

(in Canadian dollars)

	January 31 2023	January 31 2022
	$	$
Operating activities:		
Net loss	(265,507)	(3,809,359)
Adjustments for:		
Income tax recovery	-	(117,468)
Director's fees paid through issuance of shares	42,282	-
Write-off of equipment	2,640	-
Gain on settlement/adjustment of other liabilities	(15,223)	-
Depreciation of property and equipment	1,483	3,421
Share-based compensation	47,574	247,917
Government grant	-	(27,484)
Finance expense	4,801	2,683
Change in fair value of marketable securities	(534,547)	21,544
Gain on disposal of mining projects	(580,000)	(75,000)
Gain on disposal of net smelter return (NSR)	-	(2,000,000)
Transaction termination fee from disposal of mining project	(1,000,000)	-
Operating activities before changes in working capital items	(2,296,497)	(5,753,746)
Change in other receivables	(2,245)	1,236
Change in taxes receivable	252,797	(226,004)
Change in prepaid expenses	89,251	(46,560)
Change in deposits related to exploration and evaluation activities	4,000	46,000
Change in tax credits related to resources receivable	627,319	(1,048,591)
Change in mining tax credits receivable	(59,847)	(132,595)
Change in trade accounts payable and accrued liabilities	(1,030,861)	846,733
Change in working capital items	(119,586)	(559,781)
Cash flows used for operating activities	(2,416,083)	(6,313,527)
Financing activities:		
Proceeds from private placement	-	3,250,399
Decrease in restricted cash	-	1,125,000
Proceeds from a loan	-	60,000
Share issuance costs	-	(252,691)
Cash flows from financing activities	-	4,182,708
Investing activities:		
Proceeds from disposal of marketable securities	-	455,617
Payment received on disposal of mining projects	100,000	75,000
Payment received on disposal of net smelter return (NSR)	-	2,000,000
Payment received from a transaction termination fee from disposal of mining project	1,000,000	-
Cash flows from investing activities	1,100,000	2,530,617
Net change in cash	(1,316,083)	399,798
Cash, beginning of year	1,578,789	1,178,991
Cash, end of year	262,706	1,578,789

Additional disclosures of cash flow information (Note 12).

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

1. Statute of incorporation, nature of activities and going concern:

Quebec Precious Metals Corporation (or “the Company”), incorporated under the Canada Business Corporations Act, is a mineral exploration company operating in Canada. Its shares are traded on the TSX.V Stock Exchange under the symbol QPM, on the American Stock Exchange OTCQB Market under the symbol CJCFF and on the Frankfurt exchange under the symbol YXEN. The address of the Company’s head office and registered office is 1080, Côte du Beaver Hall, Suite 2101, Montréal, Québec, H2Z 1S8 and its web site is www.qpmcorp.ca.

The Company has not yet determined whether its mining projects have mineral reserves. The exploration and development of mineral deposits involves significant financial risks. The success of the Company will be influenced by a number of factors, including exploration and extraction risks, regulatory issues, environmental regulations and other regulations.

Although management has taken steps to verify titles of the mining projects in which the Company holds an interest, in accordance with industry standards for the current stage of exploration of such projects, these procedures do not guarantee the Company’s project title. Project title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

The financial statements have been prepared by the Company on a going concern basis, assuming that the Company will be able to realize its assets and settle its liabilities in the normal course of business as they come due.

For the year ended January 31, 2023, the Company recorded a net loss of $265,507 ($3,809,359 for the year ended January 31, 2022) and had negative cash flows from operations of $2,416,083 ($6,313,527 for the year ended January 31, 2022). In addition, the Company had accumulated deficit of $53,418,122 as at January 31, 2023. Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at January 31, 2023, the Company had a working capital (total current assets less total current liabilities) of $2,179,554 (a working capital of $2,386,281 as at January 31, 2022) including cash of $262,706 ($1,578,789 in cash as at January 31, 2022). The Company is still in exploration stage and, as such, no revenue nor cash flow has been yet generated from its operating activities other than from the sales of non-core assets. Consequently, management periodically seeks financing through the issuance of shares, the exercise of warrants and share purchase options to continue its operations, and despite the fact that it has been able in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The accompanying financial statements do not reflect the adjustments or reclassification of assets and liabilities, that would be necessary if the going concern assumption is not appropriate. These adjustments could be material.

2. Basis of preparation:

2.1 Statement of compliance:

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

2.2 Basis of measurement:

The financial statements have been prepared on the historical cost basis except for:

- investments which are measured at fair value; and
- share-based compensation transactions, which are measured at fair value at grant date pursuant to IFRS 2, Share-Based payment.

2.3 Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

2.4 Use of estimates and judgements:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting year. Significant areas requiring the use of management estimates relate to the variables used in the determination of the fair value of share purchase options granted. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are the recognition of refundable tax credits related to resources and mining tax credits and the going concern.

- Going concern;

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the ensuing year, to fund exploration and evaluation expenses involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Significant accounting policies:

The financial statements have been prepared using accounting policies set out by IFRS effective at the end of the year for submission of financial information. The significant accounting policies used in preparing these financial statements are summarized below.

3.1 Cash and cash equivalents:

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash equivalent are financial instruments readily convertible to a known amount of cash and not subject to a significant risk of changes in value. Cash equivalents include instruments with a maturity of three months or less from the date of acquisition and instruments with an original term longer than three months if there is no significant penalty for withdrawal within a three-month period from the date of acquisition.

3.2 Property and equipment:

Property and equipment are accounted for at cost less any accumulated impairment losses. Cost includes expenses that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Amortization of property and equipment is calculated to distribute property and equipment cost, less their residual value, over their useful life, according to the following straight-line method at the following annual period:

Asset	Period
Computer equipment	3 years
Furniture and office equipment	5 years

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the statement of loss and comprehensive loss.

3.3 Share-based compensation:

The Company accounts for share-based compensation over the vesting period of the share options. Share purchase options granted to employees, directors and consultants, and the cost of services received are evaluated and recognized on fair value basis using the Black-Scholes option pricing model.

For transactions with parties other than employees, the Company measures the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their fair value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Share-based payments (except brokers and intermediaries' options) are ultimately recognized as an expense in the statement of loss and comprehensive loss with a corresponding credit to contributed surplus, in equity. Share-based payments to brokers and intermediaries, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-Market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

3.4 Share capital and warrants:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus for the options and warrants for the warrants.

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

In addition, if the shares are issued in an acquisition of a project, shares are measured at fair value based on stock price on the day of the conclusion of the agreement.

3. Significant accounting policies (continued):

3.5 Flow-through shares:

The Federal and Provincial tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenses may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the issuance of flow-through shares, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liabilities related to flow-through shares using the residual method, deducting the quoted price of the common shares from the price of the flow-through shares at the date of the financing.

The liability related to flow through shares recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

3.6 Deferred share unit:

The Deferred Share Unit Plan ("DSU Plan") provides for the payment of directors, officers, employees and consultants ("beneficiaries") compensation with deferred share units ("DSUs"). Each DSU is a right granted by the Company to an eligible beneficiary to receive an equivalent to the value of one common share on termination of service. DSU compensation are ultimately recognized as an expense in the consolidated statements of comprehensive income (loss) as deferred share unit expense. The DSUs can be settled either in cash or equity upon vesting at the discretion of the Company. The Company intends to settle all DSUs in equity. The number of DSUs to be granted under the DSU Plan is determined by dividing the beneficiaries’ compensation by the volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding the last business day of the fiscal quarter. The Company recognizes compensation expenses related to the granting of DSU’s at fair value.

3.7 Exploration and evaluation expenses:

Exploration and evaluation expenses are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation expenses and costs incurred before the legal right to undertake exploration and evaluation activities are recognized in the statement of loss and comprehensive loss when they are incurred.

3.8 Government grants:

The Company’s government grants reflect compensation received from government related to the COVID-19 support. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Government loans are analyzed to determine whether they qualify as grants or are required to be treated as financial liabilities.

3.9 Disposal of interest in connection with option agreement:

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the project by the acquirer. However, other non-refundable consideration received directly from the acquirer is recognized as proceeds relating to the grant of options on mining projects in the statement of loss and comprehensive loss when the ownership of the rights are transferred to the acquirer.

3.10 Basic and diluted loss per share:

The basic loss per share is calculated using the weighted average number of shares outstanding during the year. The diluted loss per share, which is calculated with the treasury method, is equal to the basic loss per share due to the antidilutive effect of share purchase options and warrants.

3.11 Tax credits receivable:

The Company is eligible for a refundable credit on mining duties under the Québec Mining Duties Act. This refundable credit on mining duties is equal to 16% applicable on 50% of the eligible expenses. The accounting treatment for refundable credits on mining duties depends on management’s intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes* , which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no tax basis following the Company’s election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation expenses.

3. Significant accounting policies (continued):

3.11 Tax credits receivable (continued):

Management's current intention is to sell the mining properties in the future, and, therefore, the credit on mining duties is recorded as a government grant against exploration and evaluation expenses.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% for eligible expenses incurred thereafter, and is recorded as a government grant against exploration and evaluation expenses.

The credits related to resources and credits for mining duties recognized against exploration and evaluation expenses are recorded when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the applicable tax credits laws and regulations.

3.12 Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to cash flows from a financial asset expire, or when a financial asset and substantially all risks and rewards are transferred. A financial liability is derecognized in the event of termination, extinction, cancellation or expiration.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

(b) Classification and initial valuation of financial assets:

Financial assets and financial liabilities are classified into one of the following categories:

Category	Financial instrument
Financial assets at amortized cost	• Cash • Other receivables
Financial assets at fair value through profit or los	• Marketable securities
Financial liabilities at amortized cost	• Trade accounts payable and other liabilities • Loan

(c) Subsequent valuation of financial assets:

i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and other receivables fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held in a different economic model than "holding for the purpose of collection" or "holding for the purpose of collection and sale" are classified in the FVTPL category.

Assets in this category are measured at fair value and gains or losses are recognized in net income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where financial assets and financial liabilities measured at fair value though profit or loss have a quoted price in an active market at the reporting date, the fair value is based on this price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Securities traded on stock exchanges are stated at market price based on the closing price on the relevant valuation day.

The marketable securities fall into this category of financial assets.

3. Significant accounting policies (continued):

3.13 Impairment of financial assets:

The impairment provisions in IFRS 9 use forward-looking information, the expected credit loss model.

The recognition of credit losses is dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial as set.

3.14 Classification and measurement of financial liabilities:

The Company's financial liabilities include trade accounts payable and other liabilities and loan.

Financial liabilities are measured at amortized cost using the effective interest method.

Interest expense and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in financial expenses or interests income.

3.15 Income taxes:

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

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

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in the statement of loss and comprehensive loss, except where they are related to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

3.16 Provisions and contingent liabilities:

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenses expected to be required to settle the obligation.

3.17 Segmented information:

The Company's operations consist of a single operating segment being the sector of exploration and evaluation of mineral resources and all operations are located in Canada.

3.18 New standards and interpretations that are not yet effective and have not been adopted:

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

(in Canadian dollars)

4. Marketable securities:

	Number of shares				Carrying value				
	January 31 2022	Acquisition	Disposition	January 31 2023	January 31 2022	Acquisition	Disposition	Change in fair value	January 31 2023
					$	$	$	$	$
Shares									
NICO (3)	146,089	-	-	146,089	42,366	-	-	(20,453)	21,913
FEX (4)	1,000,000	-	-	1,000,000	95,000	-	-	(45,000)	50,000
ITKO (5)	-	12,000,000 (6)	-	12,000,000	-	480,000	-	600,000	1,080,000
	1,146,089	12,000,000	-	13,146,089	137,366	480,000	-	534,547	1,151,913

	Number of shares				Carrying value				
	January 31 2021	Acquisition	Disposition	January 31 2022	January 31 2021	Warrants exercised	Disposition	Change in fair value	January 31 2022
					$	$	$	$	$
Shares									
LMR (1)	1,750,000	-	(1,750,000)	-	205,000	-	(310,283)	105,283	-
UGM (2)	431,000	-	(431,000)	-	112,060	-	(119,530)	7,470	-
NICO (3)	181,089	-	(35,000)	146,089	177,467	-	(25,804)	(109,297)	42,366
FEX (4)	1,000,000	-	-	1,000,000	120,000	-	-	(25,000)	95,000
	3,362,089	-	(2,216,000)	1,146,089	614,527	-	(455,617)	(21,544)	137,366

(1) Lomiko Metals Inc. - TSX Venture - Symbol "LMR"
(2) UrbanGold Minerals Inc. - TSX Venture - Symbol "UGM"
(3) Class 1 Nickel and Technologies Ltd. - Canadian Securities Exchange - Symbol "NICO"
(4) Fjordland Exploration Inc. - TSX Venture - Symbol "FEX"
(5) Idaho Champion Gold Mines Canada Inc. - Canadian Securities Exchange - Symbol "ITKO"
(6) On December 29, 2022, the Company received 12,000,000 shares of Idaho Champion Gold Mines Canada Inc. measured at its fair value of $480,000, of which 6,000,000 shares are subject to escrow for 18 months. (Note 9 - Blanche-Charles project option agreement).

5. Property and equipment:

	Computer equipment	Office furniture	Total
	$	$	$
Cost			
As at January 31, 2022 and 2021	7,684	4,482	12,166
Write-off	(5,059)	-	(5,059)
As at January 31, 2023	2,625	4,482	7,107
Accumulated depreciation			
As at January 31, 2021	1,859	1,636	3,495
Depreciation	2,519	902	3,421
As at January 31, 2022	4,378	2,538	6,916
Write-off	(2,419)	-	(2,419)
Depreciation	580	903	1,483
As at January 31, 2023	2,539	3,441	5,980
Net book value			
As at January 31, 2022	3,306	1,944	5,250
As at January 31, 2023	86	1,041	1,127

6. Loan:

On July 8, 2021, the Company received $60,000 from the Canada Emergency Business Account (“CEBA”). The Government of Canada has launched the new CEBA which has been implemented by eligible financial institutions in cooperation with Export Development Canada. The CEBA program has approved an interest-free loan of up to $60,000 to the Company to help cover operating costs due to the economic impacts of the COVID-19 virus. The outstanding balance of the CEBA must be repaid by December 31, 2023. Repayment of the CEBA received on or before the due date will result in loan forgiveness of 33.3% (up to $20,000).

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. At the issuance, the fair value of the loan was calculated to be $32,516 and the government assistance recognized in the statement of loss and comprehensive loss was $27,484 which included the loan forgiveness of $20,000 during the year ended January 31, 2022. During the year ended January 31, 2023, an interest expense of $4,801 was recorded in the statement of loss and comprehensive loss ($2,683 for the year ended January 31, 2022).

7. Share capital:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding:

2023:

On October 11, 2022, the Company issued to directors 208,930 common shares valued at $17,758 for director's fees ($0.085 per share) in order to settle 90% of the director's fees payable for the three-month period ended June 30, 2022 (10% paid in cash).

On December 29, 2022, the Company issued to directors 326,980 common shares valued at $24,524 for director's fees ($0.075 per share) in order to settle 90% of the director's fees payable for the three-month period ended October 31, 2022 (10% paid in cash).

2022:

On May 3, 2021, the Company concluded a private placement by issuing 11,974,543 common shares at a price of $0.22 per share for net proceeds of $2,439,788 after deducting share issuance costs of $194,611 including a commission of $73,736. As part of this private placement, the Company also issued a total of 431,164 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 3, 2023. These brokers and intermediaries' options have been recorded at a value of $32,596 based on the Black-Scholes option pricing model using the assumptions described in note 8 (c). Total share issuance costs amounted to $227,207 including the fair value of the brokers and intermediaries' options of $32,596.

On May 5, 2021, the Company concluded a private placement by issuing 2,700,000 common shares at a price of $0.22 per share for net proceeds of $537,994 after deducting share issuance costs of $56,006 including a commission of $47,520. As part of this private placement, the Company also issued a total of 216,000 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 5, 2023. These brokers and intermediaries' options have been recorded at a value of $14,810 based on the Black-Scholes option pricing model using the assumptions described in note 8 (c). Total share issuance costs amounted to $70,816 including the fair value of the brokers and intermediaries' options of $14,810.

On May 18, 2021, the Company concluded a private placement by issuing 100,000 common shares at a price of $0.22 per share for net proceeds of $19,926 after deducting share issuance costs of $2,074 including a commission of $1,760. As part of this private placement, the Company also issued a total of 8,000 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 18, 2023. These brokers and intermediaries' options have been recorded at a value of $596 based on the Black-Scholes option pricing model using the assumptions described in note 8 (c). Total share issuance costs amounted to $2,670 including the fair value of the brokers and intermediaries' options of $596.

8. Share purchase options and warrants:

(a) Share purchase options:

In November 2018, the shareholders of the Company approved a stock option plan (the “Plan”) whereby the Board of Directors may grant to directors, officers, employees and consultants of the Company, share purchase options to acquire common shares of the Company. Terms of each share purchase option is determined by the Board of Directors. Share purchase options granted pursuant to the Plan can also be subject to the vesting requirements and period determined by the Board of Directors.

(in Canadian dollars)

8. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The Plan provides that the maximum number of common shares that may be reserved for issuance under the Plan shall be equal to 6,743,433 common shares of the Company. The maximum number of common shares which may be for issuance at the grant of the share purchase options to any optionee may not exceed 5% of the outstanding common shares at the date of grant and may not exceed 2% of the outstanding common shares for consultants and investor relations representatives. These share purchase options will expire no later than ten years after being granted.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the date of grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

		January 31 2023		January 31 2022
	Number of outstanding share options	**Weighted average exercise price**	**Number of outstanding share options**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning of the year	5,005,385	0.37	4,525,385	0.39
Granted	835,000	0.17	1,775,000	0.29
Forfeited	(1,695,000)	0.33	(1,245,000)	0.30
Expired	(315,385)	0.54	(50,000)	0.35
Outstanding at end of the year	3,830,000	0.34	5,005,385	0.37
Exercisable at end of the year	3,313,334	0.35	4,038,719	0.39

The following table provides outstanding share options information as at January 31, 2023:

			Outstanding share options	
Expiry date	**Number of granted share options**	**Number of exercisable share options**	**Exercise price**	**Remaining life**
			$	**(years)**
February 19, 2023	50,000	50,000	0.29	0.1
December 12, 2023	670,000	670,000	0.61	0.9
March 15, 2024	60,000	60,000	0.17	1.1
June 20, 2024	300,000	300,000	0.34	1.4
July 11, 2024	650,000	650,000	0.35	1.4
February 17, 2025	465,000	465,000	0.28	2.0
July 24, 2025	50,000	50,000	0.27	2.5
October 26, 2025	235,000	235,000	0.23	2.7
February 19, 2026	666,667	500,000	0.29	3.1
June 11, 2026	150,000	100,000	0.30	3.4
March 15, 2027	533,333	233,334	0.17	4.1
	3,830,000	3,313,334	0.34	2.2

The options outstanding at January 31, 2022 had an exercise price in the range of $0.230 to $0.624 and a weighted-average contractual life of 2.8 years.

The weighted average vesting period for the share options granted during the year ended January 31, 2023 is 1.86 years (1.72 years for the year ended January 31, 2022).

The following table provides the weighted average fair value of options granted:

	January 31 2023	January 31 2022
	$	**$**
Weighted average fair value of options granted	$0.09	$0.16

(in Canadian dollars)

8. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	January 31 2023	January 31 2022
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	$0.165	$0.27
Weighted average expected volatility	64.66%	82.16%
Weighted average risk-free interest rate	1.96%	0.62%
Weighted average exercise price at grant date	$0.17	$0.29
Weighted average expected life	4.78 years	4.6 years

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

An amount of $32,306 of share-based compensation ($85,304 from granted and vested share options offset by a reversal of $52,998 from forfeited share options non vested) were accounted in the statement of loss and comprehensive loss for the year ended January 31, 2023 ($247,917 for the year ended January 31, 2022 ($247,917 from granted and vested share options)) and credited to contributed surplus. As at January 31, 2023, an amount of $11,590 ($56,519 for the year ended January 31, 2022) remains to be amortized until April 30, 2024 related to the grant of stock options not vested.

(b) Deferred share units ("DSUs"):

The changes to the number of outstanding DSUs granted by the Company are as follows:

	January 31 2023	January 31 2022
	Number of outstanding DSU	Number of outstanding DSU
Outstanding at beginning of the year	333,490	-
Granted	194,524	502,033
Cancelled	-	(168,543)
Outstanding at end of the year	528,014	333,490

The DSUs are payable in common shares of the Company and/or cash upon the holder ceasing to be a director, an officer, an employee or a consultant of the Company, as the case may be. During the year ended January 31, 2022, the DSUs with a fair value of $96,712 were issued in lieu of a bonus payable of $96,712 which has been recognized in the statement of loss and comprehensive loss during the year ended January 31, 2021. The bonus payable has been reversed on February 1, 2021 and replaced by the grant of the DSUs on February 19, 2021.

During the year ended January 31, 2023, the Company issued 194,524 DSUs with a fair value of $15,268 accounted for in the share-based compensation.

(c) Brokers and intermediaries' options:

The changes to the number of outstanding brokers and intermediaries' options granted by the Company and their weighted average exercise price are as follows:

		January 31 2023		January 31 2022
	Number of outstanding brokers and intermediaries' options	Weighted average exercise price	Number of outstanding brokers and intermediaries' options	Weighted average exercise price
		$		$
Outstanding at beginning of the year	655,164	0.30	1,210,863	0.30
Granted	-	-	655,164	0.30
Expired	-	-	(1,210,863)	0.30
Outstanding at end of the year	655,164	0.30	655,164	0.30

(in Canadian dollars)

8. Share purchase options and warrants (continued):

(c) Brokers and intermediaries' options (continued):

The following table provides outstanding brokers and intermediaries' options information as at January 31, 2023:

	Outstanding brokers and intermediaries' options		
Expiry date	**Number of outstanding brokers and intermediaries' options**	**Exercise price**	**Remaining life**
		$	(years)
May 3, 2023	431,164	0.30	0.3
May 5, 2023	216,000	0.30	0.3
May 18, 2023	8,000	0.30	0.3
	655,164	0.30	0.3

The brokers and intermediaries' options at January 31, 2022 had an exercise price of $0.30 and a contractual life of 1.3 years.

Fair value of options granted to brokers and intermediaries was estimated using the Black-Scholes model with the following weighted average assumptions:

	January 31 2023	January 31 2022
Weighted average expected dividend yield	-	0%
Weighted average share price at grant date	-	$0.23
Weighted average expected volatility	-	73.17%
Weighted average risk-free interest rate	-	0.30%
Weighted average exercise price at grant date	-	$0.30
Weighted average expected life	-	2 years

The underlying expected volatility was determined by reference to historical data of the Company’s shares over the expected average life of the brokers and intermediaries’ options.

9. Exploration and evaluation activities:

Exploration and evaluation expenses by nature are detailed as follows:

	January 31 2023	January 31 2022
	$	$
Exploration and evaluation activities:		
Assays	128,831	189,266
Drilling	1,181,190	2,836,117
Geophysical and electromagnetic survey	-	166,018
Reporting	16,804	10,533
Line cutting	-	202,432
Resource estimate	50,096	58,948
Geology and geophysics	26,855	899,723
Geochemistry	-	56,548
Metallurgy	2,591	113,179
Prospecting	-	150,564
Other evaluation and exploration expenses	103,193	136,767
Tax credit related to resources and mining tax credits	(632,512)	(1,339,145)
	877,048	3,480,950

(in Canadian dollars)

9. Exploration and evaluation activities (continued):

Exploration and evaluation expenses per project can be detailed as follows:

	January 31 2023	January 31 2022
	$	$
Projects:		
Blanche-Charles	275	14,407
Cheechoo-Éléonore trend	127	18,312
Elmer East	10,683	134,774
Sakami	858,768	3,313,457
Kipawa-Zeus	7,195	-
	877,048	3,480,950

Gain on disposal of mining projects can be detailed as follows:

			January 31 2023			January 31 2022
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Blanche-Charles	100,000	480,000	580,000	-	-	-
Somanike	-	-	-	75,000	-	75,000
	100,000	480,000	580,000	75,000	-	75,000

Gain on disposal of net smelter return (NSR) can be detailed as follows:

			January 31 2023			January 31 2022
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Tansim	-	-	-	2,000,000	-	2,000,000
	-	-	-	2,000,000	-	2,000,000

Upfront exclusivity fee earned from mining transaction can be detailed as follows:

			January 31 2023			January 31 2022
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Kipawa-Zeus	1,000,000	-	1,000,000	-	-	-
	1,000,000	-	1,000,000	-	-	-

Sakami:

The Sakami project is wholly-owned by the Company, consists of one large contiguous block of 281 mineral claims (142.50 km^2) and includes the contiguous claims that were part of the project previously known as the project Apple (currently the Apple area). The project is located 90 km northwest of the Eleonore mine (operated by Newmont Corporation), 570 km north of Val-d'Or and 900 km northwest of Montreal. The project is subject to a NSR of 1% on certain claims and a NSR of 2% on 81 claims, half of which can be bought back for $1,000,000.

Cheechoo-Éléonore Trend:

The Cheechoo-Éléonore Trend project is wholly-owned by the Company and consists of 128 claims (66.26 km^2). The southeastern end of the project lies about 24 km northwest of the Éléonore mine, with a road access 14 km away. During the year ended January 31, 2022, 401 claims have been abandoned.

(in Canadian dollars)

9. Exploration and evaluation activities (continued):

Elmer East:

The Elmer East project is wholly-owned by the Company and consists of 929 claims (488 km^2). The project is located along trend from the recent Patwon Prospect gold discovery made by Azimut Exploration Inc. (“Azimut”) on its Elmer project located in the Eeyou Istchee James Bay territory, Quebec. The Elmer East project was acquired, by map designation, and includes the adjacent Annabelle block and the Opinaca Gold West block (505 claims, 266 km^2). The western part of the Elmer East project is contiguous to Azimut’s project.

Kipawa-Zeus:

The Company has a 68% interest in the Kipawa project, through the Kipawa rare earth Joint Venture, with Investissement Québec holding the remaining 32% interest. The Kipawa project is part of a group of 73 claims (43.03 km2) that form the Kipawa-Zeus project. The Zeus claims are outside of the Kipawa project, are wholly-owned by the Company. The project is located in the Témiscamingue region of Quebec, 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario.

On August 9, 2021 and amended on February 4,2022, the Company entered into a Binding Term Sheet with Vital Metals Limited ("Vital") for the acquisition by Vital of the Company's 68% interest in the Kipawa rare earth project and 100% of the Zeus Rare Earth project in Quebec, Canada, for $8 million, subject to certain closing conditions.

In October 2022, Vital informed the Company that it will not proceed with the acquisition. Accordingly, the Company received a payment of $1,013,124 ($1,000,000 and interest of $13,124) under the terms of the Binding Term Sheet as transaction termination fee.

Non-core assets:

Matheson:

The Company holds a 50% interest in four non-contiguous blocks totalling 41 single-cell mining claims, four patented claims (surface and mining rights) and three leases (surface and mining rights) totalling 12.77 km^2 held in the Matheson Joint Venture project (“Matheson Project”), located 24 km from downtown Timmins, Ontario.

New Gold:

The New Gold project is wholly-owned by the Company and consists of 9 claims (4.76 km2) after it abandoned 40 claims during the year ended January 31, 2022. It lies about 30 km southwest of the old Eastmain gold mine. During the year ended January 31, 2023, the Company abandoned its last 9 claims as they no longer fit the Company's development strategy.

Blanche-Charles (no longer held):

On November 10, 2022, the Company sold its 100% interest in the Blanche-Charles property to Idaho Champion Mines Canada Inc. in exchange for a cash consideration of $100,000 and 12,000,000 common shares having a fair value of $480,000. The consideration received amounting to $580,000 was recorded as a gain on disposal of mining projects in the statement of loss and comprehensive loss.

As a result, the Company retains a 2% NSR of which Idaho may repurchase 1% of the NSR for consideration of $1,000,000 payable in cash or by issuance of shares or a combination of cash and shares at any time.

Vulcain (no longer held):

The Vulcain project consists of 68 claims (40.05 km^2) located in Haute-Gatineau.

On December 7, 2020, the Company entered into an option agreement with Fjordland Exploration Inc. (“FEX”) whereby FEX may earn 100% interest of the Vulcain project.

To earn its 100% interest as per the option agreement, FEX has to make cash payments, issue common shares and incur exploration expenses in the following timelines:

	Cash payments	Issuance of Shares	Exploration expenses to incur
	$		$
Within 3 days of the reception of the approval of the TSX-V	50,000 (1)	1,000,000 (2)	-
On or before December 7, 2025	-	-	1,000,000 (3)
	50,000	1,000,000	1,000,000

(1) This cash payment was made on December 22, 2020.
(2) These common shares were issued on December 18, 2020 at a price of $0.095 per share.
(3) Exploration expenses were all incurred as at July 16, 2022.

(in Canadian dollars)

9. Exploration and evaluation activities (continued):

Non-core assets (continued):

Vulcain (no longer held) (continued):

As a result, the Company retains a 1% NSR of which FEX may repurchase 0.5% of the NSR for consideration of $500,000 and the remaining 0.5% for $2,500,000. FEX is also assuming the 2% pre-existing NSR royalty to underlying parties.

FEX held 100% of the project since July 16, 2022.

Somanike (no longer held):

During the year ended January 31, 2022, the Company received the last payment amounting to $75,000 from Class 1 Nickel. Following this payment, the Somanike property is fully held by Class 1 Nickel.

Tansim (no longer held):

On October 15, 2021, the Company received a $2,000,000 payment in connection with the sale of a 2% NSR royalty on all payable metals from the mining rights of the Tansim project to Lithium Royalty Corporation (“LRC”).

10. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	January 31 2023	January 31 2022
	$	$
Loss before income taxes	(265,507)	(3,926,827)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.50%
Expected income tax recovery	(70,359)	(1,040,609)
Variation of non-taxable fair value	(70,827)	2,855
Changes in unrecorded temporary differences	144,686	594,892
Tax effect on flow-through shares	-	411,591
Reversal of other liability related to flow-through shares	-	(117,468)
Share-based compensation	12,607	65,698
Other non-deductible expenses	(16,107)	(34,427)
Income tax recovery	-	(117,468)

(b) Movement in deferred tax balances during the year:

	January 31 2022	Recognized in profit or loss	Recognized in equity	Recognized in OCL	January 31 2023
	$	$	$	$	$
Marketable securities	-	(63,080)	-	-	(63,080)
Capital tax losses	-	63,080	-	-	63,080
	-	-	-	-	-

	January 31 2021	Recognized in profit or loss	Recognized in equity	Recognized in OCL	January 31 2022
	$	$	$	$	$
Marketable securities	(651)	651	-	-	-
Capital tax losses	651	(651)	-	-	-
	-	-	-	-	-

(in Canadian dollars)

10. Income taxes (continued):

(b) Movement in deferred tax balances during the year (continued):

The Company has the following temporary differences for which no deferred tax asset has been recognized:

		January 31 2023		January 31 2022
	Federal	**Québec**	**Federal**	**Québec**
				$
Exploration and evaluation expenses	16,107,188	16,156,020	17,288,433	17,288,433
Property, plant and equipment	18,286	18,286	14,163	14,163
Marketable securities	-	-	58,475	58,475
Share issuance costs	335,001	335,001	340,251	340,251
Non-capital losses carry forwards	18,074,640	17,723,319	17,223,490	16,875,326
Capital tax losses	1,800,801	1,800,801	2,208,423	2,208,423
Intangible and others	56,700	52,731	56,700	52,731
	36,392,616	36,086,158	37,189,935	36,837,802

(c) Non-capital losses:

As at January 31, 2023, the non-capital losses expire as follows:

	Federal	**Québec**
	$	**$**
2026	393,267	393,267
2027	726,178	726,178
2028	2,188,973	2,188,973
2029	474,760	474,760
2030	241,509	241,509
2031	305,421	305,421
2032	884,872	884,872
2033	680,136	684,105
2034	682,338	682,338
2035	591,241	589,533
2036	1,179,455	847,147
2037	719,249	718,770
2038	894,646	894,647
2039	1,310,919	1,305,436
2040	1,415,065	1,409,666
2041	1,893,806	1,891,864
2042	2,702,070	2,697,890
2043	790,735	786,943
	18,074,640	17,723,319

11. Earnings per share:

The warrants, share purchase options and DSUs were excluded from the diluted weighted average number of common shares calculation since the Company is operating at a loss and that their effect would have been antidilutive. Details of share purchase options, warrants and DSUs issued that could potentially dilute earnings per share in the future are given in Note 8.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary for the years ended January 31, 2023 and 2022.

(in Canadian dollars)

12. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	January 31 2023	January 31 2022
	$	$
Non-cash financing activities:		
Shares issued as payment of director's fees	42,282	-
Brokers and intermediaries' options issued as a finder's fee	-	48,002
Non-cash investing activities:		
Marketable securities received on optioning of mining projects	480,000	-

13. Related party transactions:

Related parties include the Company's joint key management personnel and members of the Board of Directors. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel and directors includes the following expenses:

	January 31 2023	January 31 2022
	$	$
Management and consulting fees	100,740	60,000
Salaries and director's fees	314,105	866,085
Share-based compensation	60,743	194,842
	475,588	1,120,927

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

Consul-Teck Exploration Minière Inc., a company of which the former Vice-President Exploration of the Company (resigned on May 4, 2021) is a shareholder. There was no amount due to Consul-Teck Exploration Minière Inc. as at January 31, 2023 ($310,848 as at January 31, 2022). The following table provides a summary of the expenses incurred from Consul-Teck Exploration Minière Inc:

	January 31 2023	January 31 2022
	$	$
Exploration and evaluation expenses	-	607,880 (1)
	-	607,880

(1) The Company continues to work with Consul-Teck incurring exploration and evaluation expenses however since the former Vice President Exploration is no longer employed by the Company since May 2021, none of these amounts are considered a related party transaction after May 4, 2021.

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

14. Contingent liabilities::

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that results from restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at that time.

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. The disallowance of certain expenses by tax authorities may have negative tax consequences for investors. In the case the Company does not incur the required qualifying Canadian mineral exploration expenses as originally contemplated in its flow-through private placements, the Company has contractually agreed to indemnify the purchasers of such flow-through securities to compensate for adverse tax consequences they might incur.

(in Canadian dollars)

15. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the statements of financial position related to the following classes of assets and liabilities:

		January 31 2023		January 31 2022
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	1,151,913	1,151,913	137,366	137,366
	1,151,913	1,151,913	137,366	137,366
Financial assets				
Amortized cost				
Cash	262,706	262,706	1,578,789	1,578,789
Other receivables	2,245	2,245	-	-
	264,951	264,951	1,578,789	1,578,789
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities	72,037	72,037	1,118,121	1,118,121
Loan	-	-	35,199	35,199
	72,037	72,037	1,153,320	1,153,320

The fair values of the marketable securities totalize $1,151,913 as at January 31, 2023 ($137,366 as at January 31, 2022) and are determined by using the closing price at each reporting date.

The fair value of cash, other receivables, trade accounts payable and other liabilities and loan is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

The following hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- 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 (that is, derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. Marketable securities are classified as Level 1 in the fair value hierarchy.

16. Capital management policies and procedures:

The Company considers the items included in equity as capital components.

	January 31 2023	**January 31 2022**
	$	**$**
Equity	2,180,681	2,356,332
	2,180,681	2,356,332

The Company's capital management objective is to have sufficient capital to be able to meet its exploration and mining development plan in order to ensure the growth of its activities. It also has the objective of having sufficient cash to finance its exploration and evaluation expenses, investing activities and working capital requirements. No changes were made in the objectives, policies and processes for managing capital during the reporting periods. The Company has no dividend policy.

The Company is subject to tax requirements related to the use of funds obtained by flow-through share financing. These funds must be incurred for eligible exploration expenses.

(in Canadian dollars)

16. Capital management policies and procedures (continued):

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

17. Financial instrument risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk, liquidity risk, price risk and interest risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short-term to medium-term cash flows by minimizing the exposure to financial markets.

(a) Credit risk:

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company is exposed to credit risk with respect to its cash and other receivables for an amount of $264,951 as at January 31, 2023 ($1,578,789 as at January 31, 2022). The credit risk associated with cash is minimal, as cash is placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations.

In previous years, the Company financed its acquisitions of mining rights, exploration and evaluation expenses and working capital needs through private financings consisting of issuance of common shares and flow-through shares, and by optioning some of its mining projects. Management estimates that the cash as at January 31, 2023 will not be sufficient to meet the Company's needs during the coming year (see Note 1).

Contractual maturities of financial liabilities are as follows:

				January 31 2023
	Less than 1 year	**1-5 years**	**More than 5 years**	**$ Total**
	$	$	$	$
Trade accounts payable and other liabilities	72,037	-	-	72,037
Loan	40,000	-	-	40,000

				January 31 2022
	Less than 1 year	**1-5 years**	**More than 5 years**	**$ Total**
	$	$	$	$
Trade accounts payable and other liabilities	1,118,121	-	-	1,118,121
Loan	-	40,000	-	40,000

(c) Price risk:

The Company is exposed to fluctuations in the market prices of its marketable securities in quoted mining exploration companies. The fair value of the marketable securities represents the maximum exposure to price risk. For the marketable securities in quoted mining exploration companies, an average volatility of 159.78% has been observed during the year ended January 31, 2023 (147.81% for the year ended January 31, 2022).

This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If quoted stock price for these securities had increased as per the volatility, profit and loss would have changed by a markup of $1,840,527 as at January 31, 2023 (markup of $202,890 as at January 31, 2022) or if quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a markdown of $1,151,913 at January 31, 2023 ($137,366 as at January 31, 2022).

17. Financial instrument risks (continued):

(d) Interest risk:

Interest rate risk represents the risk that the fair value or future cash flows of financial instruments fluctuates because of changes in market interest rates. The Company's exposure to cash flow risk related to the interest rate of its loan is limited since it does not bear interest.

18. Subsequent events:

On February 3, 2023, the Company issued 118,750 deferred stock units to an officer.

On February 21, 2023, the Company issued to directors 243,282 common shares valued at $18,246 for director's fees ($0.075 per share) in order to settle 90% of the director's fees payable for the three-month period ended January 31, 2023 (10% paid in cash).

On March 22, 2023, the Company granted 1,000,000 share options at an exercise price of $0.10 per share expiring on March 22, 2026. Each share option entitles the holder to acquire one common share. The share options vest gradually over a period of twelve (12) months following the date of grant as follows: 25% of share options every quarter starting on June 22, 2023.

On May 5, 2023, the Company issued 79,167 deferred stock units to an officer.

On May 18, 2023, the Company issued to directors 162,188 common shares valued at $13,786 for director's fees ($0.085 per share) in order to settle 90% of the director's fees payable for the three-month period ended April 30, 2023 (10% paid in cash).