SCOTTIE RESOURCES CORP.

Consolidated Financial Statements

For the year ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Scottie Resources Corp.

Opinion

We have audited the consolidated financial statements of Scottie Resources Corp. (the "Company") which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, 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 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis which is 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 financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated financial statements

Our responsibility is 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.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 28, 2022

SCOTTIE RESOURCES CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at		August 31, 2022		August 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	$	3,539,530	$	7,265,107
Amounts receivable (Note 5)		557,691		234,221
Prepaid expenses and advances (Note 6)		40,897		1,787,346
		4,138,118		**9,286,674**
Non-current assets				
Deposits		248,432		103,500
Property and equipment (Note 7)		667,907		733,327
Mineral properties (Note 8)		14,174,311		12,431,811
Total assets	**$**	**19,228,768**	**$**	**22,555,312**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 9, 10)	$	2,954,761	$	600,462
Non-current liabilities				
Flow through liability (Note 10)		302,671		191,545
Total liabilities		**3,257,432**		**792,007**
Shareholders' equity				
Share capital (Note 11)		37,579,779		34,178,840
Equity reserves (Note 11)		4,199,250		3,876,367
Deficit		(25,807,693)		(16,291,902)
Total shareholders' equity		**15,971,336**		**21,763,305**
Total liabilities and shareholders' equity	**$**	**19,228,768**	**$**	**22,555,312**

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

Approved for issue by the Board of Directors on December 28, 2022.

On behalf of the Board of Directors:

"Bradley Rourke"
Bradley Rourke, Director

"Ernest Mast"
Ernest Mast, Director

SCOTTIE RESOURCES CORP.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	For the Year Ended August 31, 2022	For the Year Ended August 31, 2021
EXPENSES		
Exploration expenditures	$ 8,806,051	$ 4,795,908
General and administrative	395,844	344,492
Management and consulting fees	135,500	216,835
Marketing and investor relations	469,821	679,900
Professional fees (Note 12)	558,917	241,427
Share-based compensation (Note 11, 12)	257,738	464,022
	(10,623,871)	(6,742,584)
OTHER INCOME (EXPENSES)		
Interest Income	-	53
Recovery of flow-through premium (Note 10)	1,018,874	351,949
Foreign exchange gain/(loss)	230	(730)
BCMETC Recovery	88,976	-
Loss and comprehensive loss for the period	$ (9,515,791)	$ (6,391,312)
Basic and diluted loss per share	(0.05)	(0.05)
Weighted average number of common shares outstanding (Note 11)	209,354,907	132,453,521

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

SCOTTIE RESOURCES CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended	August 31, 2022	August 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (9,515,791)	$ (6,391,312)
Adjustments for items not involving cash:		
Amortization (Note 7)	75,917	29,822
Recovery of flow-through premium (Note 10)	(1,018,874)	(351,949)
Share-based compensation (Note 11)	257,738	464,022
	(10,201,010)	(3,442,491)
Net changes in non-cash working capital items:		
Amounts receivable	(323,470)	40,802
Prepaid expenses and advances	1,746,449	(157,205)
Accounts payable and accrued liabilities	2,320,115	398,902
Due to related parties	-	-
Net cash outflows from operating activities	(6,457,916)	(5,966,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of AUX	-	2,867,770
Property and equipment acquisitions and improvements (Note 7)	(10,497)	(744,587)
Acquisition of mineral property	(50,000)	(55,700)
Acquisition of royalty	(1,600,000)	-
Reclamation bonds	(144,932)	(48,000)
Net cash outflows from investing activities	(1,805,429)	2,019,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued	5,008,000-	7,020,000
Share issue costs	(470,232)	(603,930)
Shares issued on exercise of stock option	-	50,000
Shares issued on exercise of warrants	-	3,600
Net cash inflows from financing activities	4,537,768	6,469,670
Net decrease in cash during the period	(3,725,577)	2,522,235
Cash, beginning of period	7,265,107	4,742,872
Cash, end of period	**$ 3,539,530**	**$ 7,265,107**

Supplemental disclosure with respect to cash flows – Note 15

SCOTTIE RESOURCES CORP.

Consolidated Statements of Changes In Equity

(Expressed in Canadian dollars)

	Number		Amount		Contributed Surplus		Deficit		Total
Balance, August 31, 2020	**120,418,898**	**$**	**16,311,711**	**$**	**2,241,945**	**$**	**(9,900,590)**	**$**	**8,653,066**
Warrants issued as finders' fee					176,247		-		176,247
Private placement	26,000,000		7,020,000						7,020,000
Acquisition of AUX Resources	54,499,642		11,717,423		1,035,710		-		12,753,133
Share issuance cost	1,000,000		90,000		(40,000)		-		50,000
Warrants exercised	14,997		5,157		(1,557)				3,600
Option exercised			(780,177)		-		-		(780,177)
Flow- through premium			(297,774)		-		-		(297,774)
Mineral property acquisition	500,000		112,500		-		-		112,500
Share-based compensation	-		-		464,022		-		464,022
Loss and comprehensive loss	-		-		-		(6,391,312)		(6,391,312)
Balance August 31, 2021	**202,433,537**		**34,178,840**		**3,876,367**		**(16,291,902)**		**21,763,305**
Private placement	18,800,000		5,008,000		-		-		5,008,000
Share issuance costs	-		(504,416)		-		-		(504,416)
Warrants issued as finders' fees	-		(65,145)		65,145		-		-
Flow-through premium	-		(1,130,000)		-		-		(1,130,000)
Property acquisition	500,000		92,500		-		-		92,500
Share-based compensation	-		-		257,738		-		257,738
Loss and comprehensive loss	-		-		-		(9,515,791)		(9,515,791)
Balance August 31, 2022	**221,733,537**	**$**	**37,579,779**	**$**	**4,199,250**	**$**	**(25,807,693)**	**$**	**15,971,336**

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

1. NATURE OF OPERATIONS

Scottie Resources Corp. ("Scottie" or the "Company") is a publicly traded company incorporated on November 24, 2009 under the laws of the Province of British Columbia, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol SCOT.

The Company's corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in British Columbia, Canada. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These consolidated financial statements for the Company for the year ended August 31, 2022 are comprised of the results of the Company and its former subsidiary which amalgamated on May 31, 2022.

The Company is in the process of exploring its mineral properties and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. The Company has not generated any revenues since inception and has a history of losses and accumulated deficit of $25,807,693 as at August 31, 2022. These factors form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which could be material.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these consolidated financial statements, these conditions could have a significant adverse impact on the Company's financial position and results of operations for future periods. To date, COVID-19 has had no significant impact on the Company's business or operations.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at August 31, 2022.

Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the consolidated financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The functional currency of the Company and it's subsidiary is the Canadian dollar.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Share-based compensation and valuation of warrants</u>

The fair value pricing of stock options and warrants issued are subject to the limitations of the Black-Scholes Option-Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option-Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION (Cont'd…)

b) Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Going concern presentation

Management has determined that the going concern presentation of the financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due as discussed in Note 1, is appropriate.

Acquisition of a business or assets

The determination of whether a corporate entity or set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of AUX Resources Corporation (and its mineral properties) was determined to constitute an acquisition of assets (Note 8). The excess of consideration paid over monetary assets was allocated on a proportional basis to the mineral properties acquired, which constitutes management's determination of the relative importance of the properties to the Company.

Carrying value and the recoverability of mineral properties

Management has determined that Company-incurred exploration costs that have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, and its subsidiary, AUX Resources Limited, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

On July 16, 2021, the Company acquired AUX Resources Corporation ("AUX Corp.") by way of a three-cornered amalgamation whereby AUX Corp and a newly-created subsidiary of Scottie amalgamated under the Business Corporations Act (British Columbia) to form AUX Resources Limited ("AUX"), a wholly-owned subsidiary of Scottie. AUX was incorporated in the province of British Columbia, Canada and its principal activity is mineral exploration.

Determination of control by one entity over another

Subsidiaries include entities which are controlled by the company and are accounted for through consolidation. Investments in associates and joint ventures include entities in which the Company has significant influence, but not control or joint control, and are accounted for using the equity method.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for the Company as Canadian dollars.

Transactions in currencies other than the Canadian dollar are at the exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Property and equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses, if any. Land is not depreciated. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, initial estimates of the costs of dismantling and removing an item and restoring the site on which it is located, and, where applicable, borrowing costs.

Where an item of property and equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures and building improvements, are capitalized.

Amortization is recognized in operations on a straight-line basis over the estimated useful lives of each asset or component part of an item of property and equipment, depending on which method (and rate) most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Property and equipment *(continued)*

Equipment	3 years, straight line
Computer equipment	3 years, straight line
Vehicles	5 years, straight line
Building	20 years, straight line

Amortization methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate.

Mineral properties and exploration expenses

Pre-acquisition costs are expensed in the period in which they are incurred. Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized. Exploration expenses incurred prior to determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. The Company will perform an impairment test on transition from the exploration stage to the development stage.

Expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be transferred to property, plant and equipment and amortized using the unit-of-production method based upon proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property will be assessed for impairment.

The Company assesses mineral properties for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration, rehabilitation and environmental obligations

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration activities. An obligation to incur a provision for rehabilitation expenses for activities such as restoration, reclamation, and other environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. When such costs are material, the Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The timing of the actual rehabilitation expenditure is dependent upon many factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Where material, an estimated liability based principally on legal and regulatory requirements is recorded for obligations relating to the restoration, rehabilitation, and retirement of property and equipment obligations arising from the acquisition, development, or normal operation of those assets. Such decommissioning liabilities are recognized at fair value in the period in which the liability is incurred when a reasonable estimate of fair value can be made. A corresponding increase to the carrying amount of the related asset, where one is identifiable, is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the year is expensed. The amount of the liability is subject to a re-measurement at each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Restoration, rehabilitation and environmental obligations *(continued)*

The Company's estimate of its reclamation liabilities may change as a result of changes in regulations, the extent of environmental remediation required or completed, the means of reclamation, or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period in which the estimate is revised.

As at August 31, 2022 and 2021, the British Columbia Ministry of Energy, Mines, and Low Carbon Innovation holds reclamation bonds paid by the company and held against completion of the required remediation upon completion of the exploration on its properties. The Company does not consider these to be material amounts and accounts for them in non-current deposits at their fair value. The Company does not have any other material restoration, rehabilitation, and environmental obligations because all environmental disturbances to date have been minimal.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. The Company has not recorded any provisions for any of the financial years presented.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, if any, are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Financial instruments

Financial assets

Financial assets are classified at initial recognition as: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income ("OCI").

- Amortized cost – A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.
- FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.
- FVOCI – Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in OCI and dividends recognized in profit and loss. There is no subsequent reclassification of the fair value gains and losses to profit or loss following derecognition of the investment.
- Embedded derivatives – The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. Embedded derivatives are separated from the host contract if the host contract is not measured at FVTPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial liabilities

Financial liabilities are classified as current or non-current based on their maturity date and are measured at amortized cost, unless they are required to be measured at FVTPL, or the Company has opted to measure at FVTPL. Financial liabilities of the Company include accounts payable.

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Impairment (continued)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Government grants

British Columbia Mining Tax Credits ("BCMETC") for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and development costs of the respective mineral properties. If there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt, otherwise BCMETC amounts are recorded as tax credits receivable.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or financial liability. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Costs attributable to the listing of existing shares are expensed as incurred.

Warrants

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares of the Company. The fair values of the components of units sold (shares and warrants) are measured using the residual value approach where the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds are less than or equal to the estimated fair market value of the shares issued, a nil carrying amount is assigned to the warrants.

When warrants are issued as finders' fees or broker's compensation in connection with a private placement or equity raise, the company accounts for warrants using the relative fair value method. Under this method, the value of warrants issued is measured at fair value at the issue date using the Black-Scholes Option-Pricing Model and recorded as share capital if and when the warrants are exercised.

Flow-through shares

The Company will, from time to time, issue flow-through shares and units to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements and Canadian tax legislation, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability, and the premium is recognized as a recovery of flow-through premium.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Flow-through shares *(continued)*

Proceeds received through the issuance of flow-through shares are restricted to be used only for Canadian resource property expenditures within a period of up to two years. Exploration expenditures related to the use of flow through share proceeds are not available as a tax deduction to the Company because the tax benefits of these expenditures are renounced to investors.

Share issuance costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs are presented as other assets until the issuance of the shares to which the costs relate, at which time the costs are charged against the related share capital or charged to profit or loss if the shares are not issued.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, and consultants of the Company under the terms of its Stock Option Plan. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option-Pricing Model, taking into consideration the terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from equity reserves (formerly contributed surplus) to share capital. In the event that options are cancelled or forfeited prior to full vesting, the fair value of the portion of the cancelled or forfeited options that have not yet vested is excluded from share-based compensation expense.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions and are recorded at the fair value of the goods or services received. Where the value of goods or services received in exchange for the share-based payment are not reliably estimable, the fair value is measured through the use of a valuation model where the expected life used in the model is adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where a grant of stock options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

Basic and diluted loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share as the effect of outstanding share options and warrants on loss per share would be anti-dilutive.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities who intend to settle current tax assets and liabilities on a net basis or where net tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New standards, interpretations and amendments adopted during the year

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2022 and have therefore not been applied in preparing these consolidated financial statements. None are expected to have a material effect on the consolidated financial statements of the Company.

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: amortized cost; fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI").

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category		August 31, 2022		August 31, 2021
Cash and cash equivalents	FVTPL	$	3,539,530	$	7,265,107
Amounts receivable	Amortized cost	$	557,691	$	234,221
Deposits	Amortized cost	$	248,432	$	103,500
Accounts payable	Amortized cost	$	2,954,761	$	600,462

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, deposits, and accounts payable approximate their fair value due to their short-term nature. Cash and cash equivalents are recorded at fair value and calculated under the fair value hierarchy and measured using Level 1 inputs.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(Expressed in Canadian dollars)

4. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Cont'd…)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its short-term debt obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due; all of the Company's accounts payable are current and due within 90 days of the balance sheet. As at August 31, 2022, the Company has cash and cash equivalents of $3,539,530 to settle current liabilities of $2,954,761.

5. ACCOUNTS RECEIVABLE

		August 31, 2022		August 31, 2021
Trade receivable	$	25,198	$	-
GST receivable		437,573		139,301
BCMETC receivable		94,920		94,920
Total	**$**	**557,691**	**$**	**234,221**

6. PREPAID EXPENSES AND ADVANCES

		August 31, 2022		August 31, 2021
Exploration advances	$	22,499	$	1,719,964
Prepaid expenses		18,398		67,382
Total receivables	**$**	**40,897**	**$**	**1,787,346**

7. PROPERTY AND EQUIPMENT

		Equipment		Computer		Vehicle		Land		Building		Total
COST												
Balance, August 31, 2020	$	14,960	$	-	$	5,000	$	-	$	-	$	19,960
Additions		52,624		2,141		147,000		137,594		405,228		744,587
Balance, August 31, 2021		67,584		2,141		152,000		137,594		405,228		764,547
Additions		6,955		3,542		-		-		-		10,497
Balance, August 31, 2022	**$**	**74,539**	**$**	**5,683**	**$**	**152,000**	**$**	**137,594**	**$**	**405,228**	**$**	**775,044**
ACCUMULATED AMORTIZATION												
Balance, August 31, 2020	$	1,393	$	-	$	5	$	-	$	-	$	1,398
Amortization		7,513		602		3,638		-		18,069		29,822
Balance, August 31, 2021		8,906		602		3,643		-		18,069		31,220
Amortization		24,541		714		30,400		-		20,262		75,917
Balance, August 31, 2022	**$**	**33,447**	**$**	**1,316**	**$**	**34,043**	**$**	**-**	**$**	**38,331**	**$**	**107,137**
CARRYING AMOUNTS												
As at August 31, 2021	$	58,678	$	1,539	$	148,357	$	137,594	$	387,159	$	733,327
As at August 31, 2022	**$**	**41,092**	**$**	**4,367**	**$**	**117,957**	**$**	**137,594**	**$**	**366,897**	**$**	**667,907**

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES

Title to mineral property interests 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 conveyancing history characteristic of many mineral claims. All of the Company's mineral interests are located near Stewart, British Columbia, Canada in the region known as the Golden Triangle. The properties have been acquired under various option and purchase agreements and by staking. Certain claims are subject to a net smelter returns ("NSR") royalty ranging from 1% to 3%.

The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing.

Acquisition of AUX Resources Corporation

On July 16, 2021, the Company completed the acquisition of AUX Resources Corporation by way of a three-corner amalgamation under the provisions of the Business Corporations Act (British Columbia). As a result of the transaction, AUX Resources Corporation merged with a wholly-owned subsidiary of Scottie to become AUX Resources Limited ("AUX"), a wholly-owned subsidiary of the Company. The Company's shareholders retained majority ownership in the course of the transaction and therefore the Company was determined to be the acquirer of AUX. The transaction included the acquisition of all the mineral properties and mineral property options held by AUX, expanding and consolidating the Company's holdings in the Golden Triangle of British Columbia. On May 31, 2022, Scottie fully amalgamated with AUX.

Consideration with a fair value of $12,753,132 was issued in exchange for all of the issued and outstanding equity of AUX and is comprised of:

- 54,499,642 common shares of the Company at $0.215 per share ($11,717,422);
- 18,433,817 warrants of the Company with fair values between $0.0209 and $0.0451 per warrant ($656,675) (Note 11c contains a summary of the assumptions used to calculate fair values); and
- 2,432,000 stock options of the Company with fair values between $0.0896 and $0.1938 per stock option ($379,035) (Note 11c contains a summary of the assumptions used to calculate fair values)

Transaction costs of $79,103 associated with the acquisition were recorded. The acquisition was accounted for as an asset acquisition because AUX did not meet the definition of a business. The net purchase price was allocated to the assets acquired and liabilities assumed as follows:

Cash	$	2,757,834
Amounts receivable		18,614
Prepaid expenses		225,138
Deposits		48,000
Mineral properties		9,922,969
Accounts payable and accrued liabilities		(102,546)
Flow through liability		(37,774)
	$	**12,832,235**
Consideration issued at fair value		12,753,132
Transaction costs		79,103
Total acquisition costs	**$**	**12,832,235**

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES (Cont'd…)

Acquisition of AUX Resources Corporation *(continued)*

The consideration paid over the monetary assets acquired and liabilities assumed was attributed to the value of the mineral properties acquired from AUX, allocated on a proportional basis to individual mineral properties based on management's determination of the relative importance of the properties to the Company.

Mineral Property Acquisition Costs by Project

Project	As at August 31, 2020	Cash	Shares	As at August 31, 2021
Bear Pass	$ -	$ -	$ 285,619	$ **285,619**
Cambria[1]	**830,000**	4,647	4,910,140	**5,744,787**
Georgia River	-	-	199,155	**199,155**
Scottie Gold Mine	**1,548,249**	51,053	112,500	**1,711,802**
Silver Crown	-	-	4,472,439	**4,472,439**
Tide North	-	-	18,009	**18,009**
TOTAL	$ **2,378,249**	$ **55,700**	$ **9,997,862**	$ **12,431,811**

Project	As at August 31, 2021	Cash	Shares	As at August 31, 2022
Bear Pass	$ **285,619**	$ -	$ -	$ **285,619**
Cambria[1]	**5,744,787**	-	-	**5,744,787**
Georgia River	**199,155**	-	-	**199,155**
Scottie Gold Mine	**1,711,802**	1,650,000	92,500	**3,454,302**
Silver Crown	**4,472,439**	-	-	**4,472,439**
Tide North	**18,009**	-	-	**18,009**
TOTAL	$ **12,431,811**	$ **1,650,000**	$ **92,500**	$ **14,174,311**

[1]Includes Bitter Creek, Black Hills, Champion South (formerly Silver Crown), Confluence, Dorothy 2, Independence, Lower Bear properties (Bay Silver and Lower Bear), and Ruby Silver.

Scottie Gold Mine Project

<u>Summit Lake</u>

On April 26, 2019, the Company entered into an option agreement to acquire a 100% interest in the Summit Lake property. To complete the option, the Company must:

a) Make cash payments to the vendor as follows:

   i) $50,000 on TSX-V approval of the option agreement *(paid)*;
   ii) $50,000 on or before April 26, 2020 *(paid)*;
   iii) $50,000 on or before April 26, 2021 *(paid)*;
   iv) $50,000 on or before April 26, 2022 *(paid)*; and
   v) $50,000 on or before April 26, 2023 *(paid subsequent to year end)*

8. MINERAL PROPERTIES (Cont'd…)

Scottie Gold Mine Project (Cont'd…)

Summit Lake (Cont'd…)

b) Issue shares of the Company to the vendor as follows:

   i) 200,000 shares TSX-V approval of the option agreement *(issued)*;
   ii) 400,000 shares on or before April 26, 2020 *(issued)*;
   iii) 500,000 shares on or before April 26, 2021 *(issued)*;
   iv) 500,000 shares on or before April 26, 2022 *(issued)*; and
   v) 600,000 shares on or before April 26, 2023. *(issued subsequent to year end)*

During the year ended August 31, 2022, the Company purchased a 3.0% NSR which was previously held by a third-party over certain Summit Lake Property claims for $1,600,000.

During the year ended August 31, 2022, the Company entered into an option agreement with Goldplay Mining Inc. ("Goldplay") whereas Goldplay can acquire up to 3.75% interest in the Company's Summit Lake project by incurring up to $1,500,000 in exploration expenses on the project until December 31, 2022 (the "Option").

Following the exercise of the Option, Goldplay will have the right (the "Put Right") to require Scottie to repurchase the interest earned by Goldplay by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Goldplay by 1.7.

Following the exercise of the Option, Scottie will have the right (the "Call Right") to repurchase the interest earned by Goldplay by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Goldplay by 1.7.

In the event the Put Right or the Call Right is exercised, Scottie may, in its sole discretion, satisfy up to $300,000 of the price for the repurchase of Goldplay's interest by issuing Goldplay common shares in the capital of Scottie.

During the year ended August 31, 2022, Goldplay incurred $574,689 of exploration expenditures on the Summit Lake property. Subsequent to the year ended August 31, 2022, Goldplay exercised the Call Right and the Company is required to repurchase the interest earned the Summit Lake project. Consequently, the Company has accrued $335,235 of exploration expenses at year-end, representing the amount payable at year-end based on the exploration expenditures incurred by Goldplay to date.

Cambria Project

Bitter Creek

On March 1, 2019, the Company entered into an option agreement to acquire a 100% interest in the Bitter Creek property, contiguous with the Company's Black Hills and Ruby Silver properties. In 2020, the Company completed its purchase obligations on the property to earn the 100% interest after renegotiation of the initial option agreement and payment of $325,000 in cash and issuance of 1,000,000 shares valued at $235,000.

Bitter Creek is subject to a 2.5% NSR, 60% of which can be purchased for $1,500,000.

8. MINERAL PROPERTIES (Cont'd…)

Black Hills

In 2013, the Company purchased certain tenures of the Black Hills mineral claims for $10,000. In 2018, the Company staked additional claims at Black Hills for a cost of $1,680. The Company currently owns 100% of the property.

Champion South

The Champion South property was obtained through the acquisition of AUX and has been optioned out to Mountain Boy Minerals Ltd. ("MBM") who completed their earn-in on the property during 2021. The original vendors retain a 2% NSR, one half of which can be purchased for $1,000,000 with a minimum advance annual royalty of $50,000 to begin after seven years.

Confluence

On October 22, 2020, the Company entered into an agreement to purchase 100% of the Confluence mineral claim tenure for $1,000 cash.

Dorothy 2

The Dorothy 2 property option agreement was obtained through the acquisition of AUX. The original vendors retain a 2.5% NSR, one half of which can be purchased for $1,000,000 until 90 days after the start of commercial production. The Company is required to keep the property in good standing and carry out $150,000 of exploration work over 4 years.

Lower Bear Properties

The Lower Bear properties, including the Bay Silver property, were obtained through the acquisition of AUX. The original vendors retain a 2% NSR, one half of which can be purchased for $1,000,000 with a minimum advance annual royalty of $50,000 to begin after seven years.

Ruby Silver

In 2018, the Company purchased a 100% interest in the Ruby Silver property for $100,000.

Independence Project and Silver Crown

The Company obtained an option to acquire a 100% interest in the Independence and Silver Crown projects through the acquisition of AUX. To complete the option, the Company must:

a) Make cash payments to the vendor as follows:

   i) $200,000 on closing of the AUX financing on July 6, 2020 *(paid)*;
   ii) $50,000 on or before July 6, 2021 *(paid)*;
   iii) $50,000 on or before July 6, 2022 *(paid subsequent to year end);*
   iv) $75,000 on or before July 6, 2023;
   v) $125,000 on or before July 6, 2024; and
   vi) $150,000 on or before July 6, 2025.

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES (Cont'd…)

b) Issue shares of the Company to the vendor as follows:

i) 3,000,000 shares within 5 days of execution of the agreement *(issued)*;
ii) 250,000 shares on or before July 6, 2021 *(issued)*;
iii) 250,000 shares on or before July 6, 2022;
iv) 500,000 shares on or before July 6, 2023;
v) 1,000,000 shares on or before July 6, 2024; and
vi) 3,000,000 shares on or before July 6, 2025.

The vendors will retain a 1.8% NSR, 0.8% of which can be purchased for $1,500,000 until 90 days after the start of commercial production.

Georgia River Project

Exdale

The Exdale property was obtained through the acquisition of AUX. The original vendor retains a 2% NSR.

Georgia River

The Georgie River properties were obtained through the acquisition of AUX.

Bear Pass Project

Bayview/Comet

The Bayview/Comet properties were obtained through the acquisition of AUX. The original vendor retains a 1% NSR.

Rufus

The Company obtained a 75% interest in the Rufus property through the acquisition of AUX. The original vendors retain a 2% NSR, one half of which can be purchased for $1,000,000 until 90 days after the start of commercial production.

West George Copper

The Company obtained a 40% interest in the West George Copper property in the acquisition of AUX, which will be retained until Mountain Boy Minerals ("MBM") completes Feasibility on the property, at which time the 40% interest will revert to MBM.

The Company holds a 2% NSR, of which 1% can be purchased by MBM for $1,000,000.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**August 31, 2022**	**August 31, 2021**
Accounts payable	$ 1,789,179	$ 179,009
Accrued liabilities	491,052	58,378
Payroll liability	2,898	42,426
Amounts payable to related parties (Note 12)	671,632	320,649
TOTAL	**$ 2,954,761**	**$ 600,462**

10. FLOW THROUGH SHARE LIABILTY AND RECOVERY OF FLOW THROUGH PREMIUM

During the year ended August 31, 2022, the Company:

- Incurred eligible flow through expenditures of $7,675,855 (2021 – $4,438,735).
- Reported a recovery of flow through premium of $1,018,874 (2021 – $351,949), and as at August 31, 2022 had a remaining flow through liability of $302,671 (August 31, 2021 – $191,545).

As at August 31, 2022, the Company had $1,387,382 in unspent flow through funds (August 31, 2021 – $5,063,238.

In accordance with the flow through share agreements, the Company may be required to indemnify the holders of any such shares any tax and other costs payable to them in the event the Company does not fulfill its flow through expenditure requirements.

11. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Share Issuance

At August 31, 2022 the Company had 221,733,537 common shares issued and outstanding (August 31, 2021 – 202,433,537).

During the year ended August 31, 2022, the Company:

- Issued 500,000 common shares in respect of property option agreements on the Summit Lake property, valued at $92,500, which has been recorded as property acquisition costs (Note 8).
- Closed private placements consisting of 10,000,000 flow-through shares at a price of $0.30 per flow-through share, 4,000,000 flow-through shares at a price of $0.25 per flow-through share, and 4,800,000 common shares at a price of $0.21 per common share for aggregate gross proceeds of $5,008,000.

  The Company paid share issuance costs of $504,416 and issued 1,128,000 finders' warrants valued at $65,145. Each finders' warrant is exercisable into a common share at a price of $0.30 per share for a period of 24 months. The finders' warrants were valued using the following Black-Scholes Option-Pricing Model assumptions: expected life of 2 years, an expected dividend of $nil, a risk-free interest rate of 2.65%, and an expected volatility of 70.30%.

  The Company recorded a $1,130,000 flow through premium associated with the flow-through shares issued.

During the year ended August 31, 2021, the Company:

- Issued 14,997 common shares following the exercise of share purchase warrants at a price of $0.24 per common share for gross proceeds of $3,599.
- Issued 500,000 common shares in respect of property option agreements on the Summit Lake property at a price of $0.23 per common share for which $112,500 has been recorded as property acquisition costs (Note 8).
- Issued 1,000,000 common shares following the exercise of stock options at a price of $0.05 per common share for gross proceeds of $50,000.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Cont'd…)

- Closed private placements consisting of 26,000,000 flow through common shares at a price of $0.27 per share for gross proceeds of $7,020,000.

  Cash share issuance costs of $603,929 were paid in relation to the brokered private placement, in addition to an issuance of 1,560,000 finders' warrants exercisable into a common share at a price of $0.25 per share for a period of 24 months, valued at $176,248 using the following Black-Scholes Option-Pricing Model assumptions: expected life of 2 years, an expected dividend of $nil, a risk-free interest rate of 0.32%, and an expected volatility of 78.53%.

  The Company recorded a $260,000 flow through premium associated with the placement.

- Acquired AUX through the issuance 54,499,642 common shares of the Company at $0.215 per share, 18,433,817 warrants of the Company, and 2,432,000 stock options of the Company in exchange for all of the issued and outstanding equity of AUX for a total fair value of $12,753,133 (Note 8).

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 20% of the Company's issued and outstanding common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The stock option continuity for the period ended August 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life *(in years)*
300,000	-	-	(300,000)	**-**	$ 0.20	May 24, 2022	-
150,000	-	-	-	**150,000**	$ 0.26	Oct 26, 2022*	0.15
600,000	-	-	-	**600,000**	$ 0.26	Mar 8, 2023	0.52
1,000,000	-	-	-	**1,000,000**	$ 0.10	Dec 3, 2023	1.26
1,000,000	-	-	-	**1,000,000**	$ 0.22	Apr 24, 2024	1.65
2,400,000	-	-	(1,000,000)	**1,400,000**	$ 0.20	Sep 17, 2024	2.05
100,000	-	-	-	**100,000**	$ 0.23	Feb 3, 2024	1.43
3,625,000	-	-	(200,000)	**3,425,000**	$ 0.22	May 25, 2025	2.73
300,000	-	-	(50,000)	**250,000**	$ 0.26	Jan 13, 2026	3.37
2,100,000	-	-	-	**2,100,000**	$ 0.25	Apr 19, 2026	3.64
100,000	-	-	-	**100,000**	$ 0.25	May 21, 2026	3.72
80,000	-	-	(80,000)	**-**	$ 0.25	Sep 24, 2024	2.07
80,000	-	-	(80,000)	**-**	$ 0.25	Feb 8, 2027	4.44
72,000	-	-	(72,000)		$ 0.30	Jul 7, 2024	1.85
2,200,000	-	-	(550,000)	**1,650,000**	$ 0.42	Jul 8, 2025	2.85
-	1,100,000	-	-	**1,100,000**	$ 0.23	Mar 22, 2027	4.56
14,107,000	**1,100,000**	**-**	**(2,332,000)**	**12,875,000**	**$ 0.24**	***(weighted average)***	**2.66**
			Exercisable	**11,500,000**	**$ 0.24**	***(weighted average)***	**2.47**

*Subsequent to the year ended August 31, 2022, 150,000 options expired unexercised.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Cont'd…)

The stock option continuity for the year ended August 31, 2021 is as follows:

Number Outstanding August 31, 2020	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2021	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life *(in years)*
1,000,000	-	(1,000,000)	-	**-**	$ 0.05	May 16, 2021	-
300,000	-	-	-	**300,000**	$ 0.20	May 24, 2022	0.73
150,000	-	-	-	**150,000**	$ 0.26	Oct 26, 2022	1.15
600,000	-	-	-	**600,000**	$ 0.26	Mar 8, 2023	1.52
1,000,000	-	-	-	**1,000,000**	$ 0.10	Dec 3, 2023	2.26
1,000,000	-	-	-	**1,000,000**	$ 0.22	Apr 24, 2024	2.65
2,400,000	-	-	-	**2,400,000**	$ 0.20	Sep 17, 2024	3.05
100,000	-	-	-	**100,000**	$ 0.23	Feb 3, 2024	2.43
3,625,000	-	-	-	**3,625,000**	$ 0.22	May 25, 2025	3.73
200,000	-	-	(200,000)	-	$ 0.42	Aug 21, 2021	-
-	300,000	-	-	**300,000**	$ 0.26	Jan 13, 2026	4.37
-	2,100,000	-	-	**2,100,000**	$ 0.25	Apr 19, 2026	4.64
-	100,000	-	-	**100,000**	$ 0.25	May 21, 2026	4.72
-	80,000	-	-	**80,000**	$ 0.25	Sep 24, 2024	3.07
-	80,000	-	-	**80,000**	$ 0.25	Feb 8, 2027	5.44
-	72,000	-	-	**72,000**	$ 0.30	Jul 7, 2024	2.85
-	2,200,000	-	-	**2,200,000**	$ 0.42	Jul 8, 2025	3.85
10,375,000	**4,932,000**	**(1,000,000)**	**(200,000)**	**14,107,000**	**$ 0.24**	**(weighted average)**	**3.42**
			Exercisable	**12,357,000**	**$ 0.24**	**(weighted average)**	**3.90**

Stock-Based Compensation

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

During the year ended August 31, 2022 and 2021, the Company granted 1,100,000 (2021 – 4,932,000) stock options.

The Company recorded $257,738 in stock-based compensation expense (2021 - $464,022) for options granted and vested during the period.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were:

Grant Date	Mar 22. 2022	Jul 16, 2021	Jul 16, 2021	Jul 16, 2021	Jul 16, 2021	May 21, 2021	Apr 19, 2021	Jan 13, 2021
Expiry Date	Mar 22, 2027	Jul 8, 2025	Jul 7, 2024	Feb 8, 2027	Sep 24, 2024	May 21, 2026	Apr 19, 2026	Jan 13, 2026
Expected life (years)	5	4	2	5.5	3	5	5	5
Expected dividend	$ nil	$ nil	$ nil	$ nil	$ nil	$ nil	$ nil	$ nil
Risk-free interest rate	2.25%	0.75%	0.43%	0.87%	0.62%	0.93%	0.94%	0.44%
Expected volatility	117.00%	128.32%	95.00%	142.97%	117.64%	102.84%	99.64%	101.93%
Fair value	$ 0.16	$ 0.35	$ 0.17	$ 0.22	$ 0.17	$ 0.18	$ 0.17	$ 0.19

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Cont'd…)

Share Purchase Warrants

The share purchase warrant continuity for the year ended August 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/ Cancelled	Number Outstanding May 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life *(in years)*
10,600,000	-	-	(10,600,000)	-	$ 0.30	Jan 16, 2022	-
758,457	-	-	(758,457)	-	$ 0.24	May 14, 2022	-
2,332,000	-	-	(2,332,000)	-	$ 0.34	Jun 8, 2022	-
1,560,000	-	-	-	**1,560,000**	$ 0.25	Jun 1, 2023	0.75
7,198,928	-	-	(7,198,928)	-	$ 0.40	Jul 6, 2022	-
11,234,889	-	-	-	**11,234,889**	$ 0.40	Feb 11, 2023	0.45
-	1,128,000	-	-	**1,128,000**	$ 0.30	April 22, 2024	1.64
33,684,274	**1,128,000**	**-**	**(20,889,385)**	**13,922,889**	**$ 0.38**	***(weighted average)***	**0.58**

The share purchase warrant continuity for the year ended August 31, 2021 is as follows:

Number Outstanding August 31, 2020	Granted	Exercised	Expired/ Cancelled	Number Outstanding August 31, 2021	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life *(in years)*
10,600,000	-	-	-	**10,600,000**	$ 0.30	Jan 16, 2022	0.38
773,454	-	(14,997)	-	**758,457**	$ 0.24	May 14, 2022	0.70
2,332,000	-	-	-	**2,332,000**	$ 0.34	Jun 8, 2022	0.77
-	1,560,000	-	-	**1,560,000**	$ 0.25	Jun 1, 2023	1.75
-	7,198,928	-	-	**7,198,928**	$ 0.40	Jul 6, 2022	0.85
-	11,234,889	-	-	**11,234,889**	$ 0.40	Feb 11, 2023	1.45
13,705,454	**19,993,817**	**(14,997)**	**-**	**33,684,274**	**$ 0.35**	***(weighted average)***	**0.93**

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were:

Grant Date	**Apr 22, 2022**	**Jul 16, 2021**	**Jul 16, 2021**	**Jun 1, 2021**
Expiry Date	Apr 22, 2024	Feb 11, 2023	Jul 16, 2022	Jun 1, 2023
Expected life (years)	2	1.5	1	2
Expected dividend	$ nil	$ nil	$ nil	$ nil
Risk-free interest rate	2.65%	0.43%	0.43%	0.32%
Expected volatility	70.30%	81.71%	70.44%	78.53%
Fair value	$ 0.06	$ 0.05	$ 0.02	$ 0.11

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

a) The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Red Fern Consulting Ltd. ("**Red Fern**"), a company related to Stephen Sulis	Consulting as CFO
Rhodanthe Corporate Services ("**Rhodanthe**"), a company related to Christina Boddy	Consulting as Corporate Secretary
Slater Corporate Services Corporation ("**Slater**"), a company related to Lisa Peterson	Consulting as Former CFO
Serac Exploration Ltd. ("**Serac**"), a company related to Bradley Rourke and Thomas Mumford	Geological consulting
YMI Inc. ("**YMI**"), a company related to Bradley Rourke	Consulting as CEO

The Company incurred the following fees in connection with key management compensation and expenses incurred from companies owned or partially owned by key management (Chief Executive Officer, Chief Financial Officer, Corporate Secretary) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	For the year ended August 31, 2022	2021
Cost reimbursement- AUX	$ -	$ 47,404
Cost reimbursement- Libero	-	34,043
Professional fees – Red Fern	64,500	54,000
Professional fees – Rhodanthe	36,000	36,000
Professional fees – Slater	45,000	-
Exploration Expenses – Serac	1,435,796	271,913
Management fees – YMI	120,000	120,000
TOTAL	$ 1,701,296	$ 563,360

In addition to the fees paid above, the Company recognized $151,390 (2021 - $215,579) in share-based compensation related to the granting and vesting of stock options to the officers and directors of the Company

b) Amounts owing to directors and officers and companies with directors and officers in common are disclosed in Note 9. All amounts are unsecured, with no specific terms of repayment.

13. SEGMENT DISCLOSURE

The Company has one reportable operating segment in Canada which operates in the acquisition, exploration and evaluation of mineral resources. All of the Company's non-current assets are located in Canada.

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 11). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

(Expressed in Canadian dollars)

14. MANAGEMENT OF CAPITAL (Cont'd…)

The Company manages the capital structure and adjusts 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 new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions. There were no changes to the Company's approach to capital management.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASHFLOWS

For the period ended	August 31, 2022	August 31, 2021
Non-cash investing and financing activities:		
Fair value of shares issued for acquisition of AUX	$ -	$ 11,717,422
Fair value of warrants issued for acquisition of AUX	-	656,675
Fair value of options issued for acquisition of AUX	-	379,035
Fair value of shares issued for mineral properties	-	112,500
Fair value of shares issued in settlement of AP	-	-
Fair value of finders' warrants	-	176,247
Fair value of finders' warrants exercised	-	1,557
Flow through premium liability	-	54,176
Shares issued under property acquisition option agreements.	92,500	-
Recognition of flow-through premium liability	1,130,000	-
Broker warrants issued as share issuance costs	65,145	-
Share issuance costs in accounts payable	34,184	-

(Expressed in Canadian dollars)

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended August 31,	
	2022	**2021**
Loss before income taxes	$ (9,515,791)	$ (6,508,188)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(2,569,000)	(1,757,000)
Permanent differences and other	333,000	(42,000)
Impact of flow through shares	2,072,000	1,198,000
Share issue costs	(92,000)	(92,000)
Balances obtained upon acquisition of AUX	-	(1,436,000)
Changes in unrecognized deferred tax assets	256,000	2,129,000
Total income tax expense (recovery)	**$ -**	**$ -**

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	As at August 31,	
	2022	**2021**
Deferred tax assets (liabilities)		
Mineral property related deductions	$ (367,000)	$ (201,000)
Property and equipment	(8,000)	(24,000)
Share issue costs	215,000	234,000
Non-capital losses available for future periods	3,281,000	2,856,000
	3,121,000	2,865,000
Unrecognized deferred tax assets	(3,121,000)	(2,865,000)
Total income tax expense (recovery)	**$ -**	**$ -**

The significant components of the Company's temporary differences, unused tax credits, and unused losses that have not been included on the consolidated statement of financial position are as follows:

As at August 31, 2022, the Company had accumulated non-capital losses of approximately $12,153,000 (August 31, 2021 – $10,578,000) that are available to carry forward and offset future years' income. These non-capital losses begin to expire in 2026.

As at August 31, 2022, the Company had accumulated resource related deduction pools of approximately $12,199,000 (August 31, 2021 – $11,071,000) that are available to carry forward and offset future years' income at various rates. These pools carry forward indefinitely.

Tax attributes are subject to review and potential adjustment by tax authorities.

17. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2022, the Company:

a) Closed a non-brokered private placement consisting of 18,823,530 units (the "Units") at a price of \$0.17 per Unit for gross proceeds of \$3,200,000. Each Unit consists of one common share of the Company, and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share at an exercise price of \$0.25 per common share for a period of two years from the closing date.

   The Company paid finder's fees of \$139,281 in cash and issued 819,300 finder's warrants. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.25 per common share for a period of two years from the closing date.

b) Closed a royalty purchase agreement pursuant to which Scottie purchased 100% of a 1.8% gross smelter return royalty on the Summit Lake property. In consideration of the purchase, the Company issued 2,500,000 common shares to the vendor with a fair value of \$637,500.

c) Issued 2,354,000 stock options exercisable at \$0.17 per common share to certain directors, officers and consultants of the Company.