CANADA CARBON INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)
These financial statements have not been reviewed by the Company’s auditor.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim financial statements of Canada Carbon Inc. for the three months period ended March 31, 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

CANADA CARBON INC.
UNAUDIED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	March 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ 202,960	$ 816,604
Receivables (Note 7)	98,169	86,014
Prepaid expenses (Note 8)	7,377	12,525
Total current assets	308,506	915,143
Security deposit	28,750	28,750
Exploration and evaluation assets (Note 9)	7,996,739	7,967,453
Drilling and reclamation deposits (Note 10)	5,000	5,000
Total assets	$ 8,338,995	$ 8,916,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 12)	$ 552,814	$ 1,075,062
Flow through premium liability (Note 16)	141,836	181,176
Restoration, rehabilitation and environmental obligations (Note 11)	10,000	10,000
Total current liabilities	704,650	1,296,238
Restoration, rehabilitation and environmental obligations (Note 11)	30,000	30,000
Total liabilities	734,650	1,296,238
Shareholders' equity		
Capital stock (Note 13)	35,824,083	35,621,883
Reserves	1,028,650	888,614
Deficit	(29,248,388)	(28,890,389)
Total shareholders' equity	7,604,345	7,620,108
Total liabilities and shareholders' equity	$ 8,338,995	$ 8,916,346

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 9 and 16)

On behalf of the Board:

"Bruce Coventry", Director   "Greg Lipton", Director

See accompanying notes to the financial statements

CANADA CARBON INC.
UNAUDITED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31
(EXPRESSED IN CANADIAN DOLLARS)

	2023	2022
EXPENSES		
Management fees (Note 12)	**$ 93,254**	$ 80,638
Consulting fees	**3,551**	33,250
Professional fees (Note 12)	**49,931**	14,284
Office, rent and miscellaneous	**7,282**	12,772
Shareholder communications and promotion	**83,080**	5,184
Share based compensation	**140,036**	-
Transfer agent and filing fees	**16,730**	7,265
Travel and accommodation	**-**	33,394
Loss before other items	**393,864**	186,787
OTHER ITEMS		
Foreign exchange loss (gain)	**3,475**	(1,801)
Flow-through premium liability recovery	**(39,340)**	(5,823)
Net loss and comprehensive loss for the period	**$ 357,999**	$ 179,163
Basic and diluted net loss per share	**$ 0.00**	$ 0.00
Weighted average number of shares outstanding basic and diluted	**146,090,605**	129,284,068

See accompanying notes to the financial statements

CANADA CARBON INC.
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31
(EXPRESSED IN CANADIAN DOLLARS)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**$ (357,999)**	$ (179,163)
Items not affecting cash:		
Share-based compensation (Note 13)	**140,036**	-
Shares issued in debt settlement	**200,000**	-
Flow-through liability recovery	**(39,340)**	(5,823)
Unrealized foreign exchange loss	**(3,475)**	(1,801)
	(60,778)	(186,787)
Change in non-cash working capital items:		
Increase in receivables	**(12,155)**	(15,879)
Decrease (increase) in prepaid expenses	**5,148**	(54,483)
(Decreased) increase in accounts payable and accrued liabilities	**(518,773)**	130
Net cash flows from operating activities	**(586,558)**	(257,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	**(27,086)**	(79,145)
Quebec tax credits received	**-**	7,528
Net cash flows from investing activities	**(27,086)**	(71,617)
Effect of foreign exchange rate changes on cash and cash equivalents	**-**	9,742
Decrease in cash	**(613,644)**	(318,894)
Cash, beginning of the period	816,604	864,584
Cash, end of the period	**$ 202,960**	$ 545,690

Supplemental disclosure with respect to cash flows (Note 14)

See accompanying notes to the financial statements

CANADA CARBON INC.
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

			Reserves			
	Number of Shares	**Capital Stock**	**Equity settled share-based payments reserve**	**Warrant reserve**	**Deficit**	**Total**
Balance December 31, 2021	**129,284,068**	**$ 34,638,199**	**$ 466,390**	**$ 413,262**	**$ (28,324,379)**	**$ 7,193,472**
Net loss and comprehensive loss for the three months period	-	-	-	-	(179,163)	(179,163)
Balance March 31, 2022	129,284,068	$ 34,638,199	$ 466,390	$ 413,262	$ (28,503,542)	$ 7,014,309
Issued pursuant to private placement	25,173,300	1,264,309	-	423,689	-	1,687,998
Flow through premium liability	-	(184,365)	-	-	-	(184,365)
Issued pursuant to surface access agreement	40,000	2,200	-	-	-	2,200
Value of expired options	-	-	(194,348)	-	194,348	-
Value of expired warrants	-	-	-	(242,153)	242,153	-
Shares-based compensation	-	-	5,534	-	-	5,534
Issue costs	-	(98,460)	-	16,240	-	(82,220)
Net loss and comprehensive loss for the nine months period	-	-	-	-	(823,348)	(823,348)
Balance December 31, 2022	**154,497,368**	**$ 35,621,883**	**$ 277,576**	**$ 611,038**	**$ (28,890,389)**	**$ 7,620,108**
Issued pursuant to settlement of debt	3,333,333	200,000	-	-	-	200,000
Issued pursuant to surface access agreement	40,000	2,200	-	-	-	2,200
Shares-based compensation	-	-	140,036	-	-	140,036
Net loss and comprehensive loss for the three months period	-	-	-	-	(357,999)	(357,999)
Balance, March 31, 2023	**157,870,701**	**$ 35,824,083**	**$ 417,612**	**$ 611,038**	**$ (29,248,388)**	**$ 7,604,345**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Canada Carbon Inc. (hereafter the "Company") was incorporated in British Columbia on August 13, 1985 and is listed on the TSX Venture Exchange ("TSX-V").

The Company's principal business is the acquisition, exploration and evaluation of mineral properties. In fiscal 2012 the Company positioned itself as a carbon science company focused on graphite. The Company is in the exploration and evaluation stage on its projects and as such, to date, has not generated significant revenues from its operations.

The Company's head office is located at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

The financial statements were approved by the Board of Directors on May 29, 2023.

The Company is in the process of exploring its exploration and evaluation assets. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, quarantine periods and social distancing, have caused material disruption to businesses and supply chains globally. Global equity markets have experienced significant volatility. Despite the easing of travel restrictions and improvements in the global economy, the duration of the pandemic and its impact on the Company in future periods cannot be reliably estimated. The Company continues to monitor the business environment to ensure minimal disruption to business operations and continues to operate all aspects of its business as intended as of the current date.

These financial statements have been prepared with the assumption 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 at March 31, 2023, the Company had a working capital deficit of $396,144 and an accumulated deficit of $29,248,388 compared to a working capital of $381,095 and an accumulated deficit of $28,890,389 as at December 31, 2022. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. 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. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In the preparation of these condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2022 and were prepared using the same accounting policies, method of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2022.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company’s capital structure to primarily consist of the components of shareholders’ equity.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As at March 31, 2023, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

6. FINANCIAL RISK FACTORS

There have been no significant changes in the risks, objectives, policies and procedures during the three months ended March 31, 2023. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The receivables primarily relate to sales tax due from the Federal and Provincial Governments. The Company has no significant concentration of credit risk arising from operations. Cash is held at a Canadian financial institution from which management believes the risk of loss to be low. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Additional funding will be required to get the Miller project through the feasibility stage; however, management believes it will be able to obtain the necessary funding.

Market risk
(a) Interest rate risk
The Company has cash balances and no interest-bearing debt, therefore, interest rate risk is minimal.

(b) Foreign currency risk
The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company funds certain expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. The Company holds negligible cash balances in US dollars.

(c) Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Title risk
Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables.

(EXPRESSED IN CANADIAN DOLLARS)

7. RECEIVABLES

The receivables balance is comprised of the following items:

	March 31, 2023	*December 31, 2022*
Sales tax due from federal and provincial governments	**$ 98,169**	$ 86,014
Total	**$ 98,169**	$ 86,014

8. PREPAID EXPENSES

The prepaid expense balance is comprised of the following items:

	March 31, 2023	*December 31, 2022*
Insurance	**$ 7,377**	$ 12,525
Total	**$ 7,377**	$ 12,525

9. EXPLORATION AND EVALUATION ASSETS

At March 31, 2023, expenditures incurred on exploration and evaluation assets were as follows:

	Asbury Graphite Property, Quebec	**Miller Property, Quebec**	**March 31, 2023**
Acquisition costs:			
Balance, beginning of period	**656,582**	**401,614**	**1,058,196**
Additions during the period	**-**	**2,200**	**2,200**
Balance, end of period	**656,582**	**403,814**	**1,060,396**
Deferred exploration costs:			
Balance, beginning of period	**909,271**	**5,999,986**	**6,909,257**
Assays	**-**	**14,579**	**14,579**
Geologists, consultants and other labour	**-**	**12,507**	**12,507**
Additions during the period	**-**	**27,086**	**27,086**
Balance, end of period	**909,271**	**6,027,072**	**6,936,343**
Total exploration and evaluation assets	**$ 1,565,853**	**$ 6,430,886**	**$ 7,996,739**

(EXPRESSED IN CANADIAN DOLLARS)

9. EXPLORATION AND EVALUATION ASSETS (continued)

At December 31, 2022, expenditures incurred on exploration and evaluation assets were as follows:

	Asbury Graphite Property, Quebec	Miller Property, Quebec	December 31, 2022
Acquisition costs:			
Balance, beginning of year	**$ 656,582**	**$ 399,414**	**$ 1,055,996**
Additions during the year	**-**	**2,200**	**2,200**
Balance, end of year	**656,582**	**401,614**	**1,058,196**
Deferred exploration costs:			
Balance, beginning of year	**602,437**	**5,486,721**	**6,089,158**
Assays	**167,342**	**170,860**	**338,202**
Drilling, geologists, consultants and other labour	**139,492**	**375,890**	**515,382**
Field supplies and equipment rental	**-**	**11,659**	**11,659**
Travel, meals and accommodation	**-**	**14,191**	**14,191**
Tax credit	**-**	**(61,236)**	**(61,236)**
Admin and other expenses	**-**	**1,901**	**1,901**
Additions during the year	**306,834**	**513,265**	**820,099**
Balance, end of year	**909,271**	**5,999,986**	**6,909,257**
Total exploration and evaluation assets	**$ 1,565,853**	**$ 6,401,600**	**$ 7,967,453**

Miller Property, Quebec, Canada

The Company acquired the property in 2013. Certain claims are subject to net production and net smelter royalties between 1.5% and 2%. Certain of these royalties can be reduced to 1% at any time through the Company making payments of $1,000,000.

In September 2013, the Company entered into a surface access rights agreement ("Agreement") with two landholders with respect to the Miller graphite property. The Agreement provided the Company with surface access for an initial of five years and allowed the Company to carry out regular graphite prospecting and exploration programs on the property. The Agreement granted the Company an exclusive and irrevocable option ("Option") to acquire or lease all or part of the property necessary for the extraction of mineral substances. If the Company exercised the Option prior to the expiry of the five-year term, the term of the Agreement would extend through the period of commercial production. Pursuant to the Agreement, the Company would issue 40,000 shares to the landholders for the first year, and for every subsequent year until commercial production, or pay $5,000 cash at the option of the landholder. If the Company began commercial production, the annual payments would cease and the landholders will be entitled to a 2.5% production royalty.

During 2018, the initial Agreement expired and a new surface access agreement (“New Agreement”), with the same terms as the original Agreement, was signed. Pursuant to the terms of the New Agreement, the Company issued 40,000 shares valued at $5,600 in December 2018, 40,000 common shares valued at $2,000 in September 2019, 40,000 common shares valued at $10,400 in October 2020, 40,000 common shares valued at $4,000 in September 2021, 40,000 common shares valued at $2,200 in May 2022 and 40,000 common shares valued at $2,200 in January 2023. For each subsequent year, the Company is required to issue an additional 40,000 common shares or pay $3,800 in cash until commercial production commences.

(EXPRESSED IN CANADIAN DOLLARS)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Asbury Graphite Property, Quebec, Canada

In 2012, the Company acquired claims subject to a net production royalty of 0.75% for a period of 10 years after the start of graphite production.

During 2021, the Company acquired additional claims surrounding its existing claims on the former Asbury Mine.

Rare Earth Claims, British Columbia, Canada

In March 2010, the Company entered into an acquisition agreement to acquire a 100% interest in the Carbonatite Syndicate Rare Earth Claim Group. The Company obtained a $5,000 reclamation bond in relation to the drilling permits for the Rare Earth property. All the mining claims have expired and the capitalized costs were written off in prior years. See notes 10 and 11.

In September 2020, the Company sold its net smelter royalty in the Red Chris South property for cash consideration of $225,000. The Red Chris property claims were previously sold in May 2013.

During the three months period ended March 31, 2023, the Company received Quebec tax credits in the amount of $nil (Three months period ended March 31, 2022 - $7,528) which were recorded as an offset against exploration and evaluation assets.

10. DRILLING AND RECLAMATION DEPOSITS

The following table details the outstanding drilling and reclamation deposits:

Property	***March 31, 2023***	*December 31, 2022*
Rare Earth (Note 11)	**$ 5,000**	$ 5,000
Total	**$ 5,000**	$ 5,000

11. RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS

In 2020, the Company has recorded an obligation of $10,000 for the Rare Earth property. The restoration costs are expected to be incurred in 2022. See Note 9. The Company has also recorded an obligation of $30,000 for the Miller graphite property to reclaim disturbance caused by the work programs. The restoration costs are expected to be incurred in 2042.

The following is an analysis of the restoration, rehabilitation and environmental obligations:

Balance, December 31, 2021 and 2022	$ 40,000
Additions	-
Balance, March 31, 2023	$ 40,000

(EXPRESSED IN CANADIAN DOLLARS)

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. The Company entered into the following transactions with related parties:

			Three Months Ended March 31,	
	Nature of transactions	Notes	**2023**	2022
Directors	Management	a	**$ 9,000**	**$ 9,000**
Ellerton Castor	Management	b	**$ 84,673**	**$ 41,040**
Olga Nikitovic	Management/Professional fees	c	**$ -**	**$ -**
Marrelli Support Services Inc.	Management/CFO	d	**$ 3,750**	**$ 3,750**
Aird & Berlis	Professional fees	e	**$ -**	**$ 8,147**

a) Fees for independent directors are included in management fees. As at March 31, 2023, $115,000 (December 31, 2022 - $106,000) was included in accounts payable and accrued liabilities.

b) During the three months ended March 31, 2023 $84,673 are included in professional fees (three months ended March 31, 2022 - $41,040). As at March 31, 2023, $nil (December 31, 2022 - $86,359) was included in accounts payable and accrued liabilities.

c) Ms. Nikitovic assumed the role of interim CEO in November 2020 in addition to her CFO role until December 2021. In January 2023, the Company settled debt shares with Ms. Nikitovic and issued 3,333,333 common shares for $200,000. As at March 31, 2023, $145,417 (December 31, 2022 - $345,417) was included in accounts payable and accrued liabilities.

d) During the three months ended March 31, 2023, the Company paid CFO professional fees and disbursements of $3,750 to Marrelli Support Services Inc. (three months ended March 31, 2022 - $3,750). As at March 31, 2023, $2,975 (December 31, 2022 - $8,683) was included in accounts payable and accrued liabilities.

e) Tom Fenton, Corporate Secretary for the Company is a partner with Aird & Berlis, LLP. Legal fees of $16,400 (three months ended March 31, 2022 - $8,147) are included in professional fees. As at March 31, 2023, $9,888 (December 31, 2022 - $8,683) was included in accounts payable and accrued liabilities.

All related party amounts included in accounts payable are unsecured, non-interest bearing and payable on demand.

Compensation of key management personnel

		Three months ended March 31	
	Notes	**2023**	2022
Directors, management/professional fees	a	**$ 113,823**	$ 53,790
Share-based payment	b	**-**	-
		$ 113,823	$ 53,790

a) The Company does not pay any health or post-employment benefits. The salaries represent the fees for the CEO, CFO and directors which are included in the transactions above.

b) Share-based payments include the fair value of options issued for services granted to key management and directors.

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital Stock

The Company has authorized an unlimited number of common shares without par value. As at March 31, 2023, the Company had 157,870,701 common shares outstanding (December 31, 2022 – 154,497,368).

i) In January 2023, 3,333,333 common shares valued at $200,000 based on the quoted price of shares at the time of issue, were issued to Olga Nikitovic to settled part of the debt amount owing.

ii) In January 2023, the Company issued 40,000 shares valued at $2,200 based on the quoted price of shares at the time of issue, pursuant to the Miller Project Surface Access Agreement.

Share Purchase Warrants

At March 31, 2023, the following warrants were outstanding.

Expiry Date	Exercise Price $	Number of Warrants	Remaining contractual life (years)
November 3, 2023	0.26	2,000,000	0.59
November 4, 2023	0.26	500,000	0.60
September 29, 2024	0.10	6,666,650	1.50
September 29, 2024	0.10	799,998	1.50
April 28, 2025	0.09	185,400	2.08
April 28, 2027	0.08	11,640,000	4.08
May 27, 2027	0.08	200,000	4.16
		21,992,048	2.79

No warrants or broker warrants were issue during the three months ended March 31, 2023. The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants and broker warrants issued during the year ended December 31, 2022:

	Warrants	Broker Warrants
Share price	$0.04	$0.04
Risk-free interest rate	2.66% - 3.79%	2.58%- 3.79%
Expected dividend yield	0.00%	0.00%
Expected stock volatility	98%-116%	98% -106%
Expected life in years	2.0 – 5.0 years	2.0 -3.0 years

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Share Purchase Warrants (continued)

The following is a summary of the warrant transactions for the three months ended March 31, 2023, and year ended December 31, 2022.

	Three months ended March 31, 2023		**Year ended December 31, 2022**	
	Number of Warrants	**Weighted Average Exercise Price $**	**Number of Warrants**	**Weighted Average Exercise Price $**
Balance, beginning of period	**21,992,048**	**0.13**	9,980,000	0.27
Warrants/broker warrants issued	**-**	**-**	19,492,048	0.10
Warrants expired	**-**	**-**	(7,480,000)	0.26
Balance, end of period	**21,992,048**	**0.13**	21,992,048	0.13

Stock options

The Company is authorized to grant to directors, employees and consultants up to 20% of the issued and outstanding capital stock of the Company. Under the plan, the exercise price of each option equals the market price, less any applicable discounts of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

As at March 31, 2023, the following incentive stock options were outstanding:

		Options Outstanding		Options Exercisable	
Expiry Date	Exercise Price $	Number of Options Outstanding	Weighted average remaining contractual life (years)	Number of Options Vested	Weighted average remaining contractual life (years)
June 8, 2023	0.10	300,000	0.19	300,000	0.19
November 12, 2023	0.15	100,000	0.62	100,000	0.62
July 18, 2024	0.10	800,000	1.30	800,000	1.30
August 15, 2025	0.15	400,000	2.40	400,000	2.40
December 18, 2026	0.10	2,759,000	3.73	2,759,000	3.73
March 1, 2028	0.15	3,200,000	4.92	3,200,000	4.92
		7,559,000	2.80	7,559,000	2.80

(EXPRESSED IN CANADIAN DOLLARS)

13. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options (continued)

The following is a summary of stock option transactions for the three months ended March 31, 2023. And for the year ended December 31, 2022.

	Three months ended March 31, 2023		**Year ended December 31, 2022**	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Balance, beginning of period	**4,359,000**	**0.14**	5,909,000	0.14
Options granted	**3,200,000**	**-**	400,000	0.15
Options expired (forfeited)	**-**	**-**	(1,950,000)	0.16
Balance end of period	**7,559,000**	**0.14**	4,359,000	0.11

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options issued during the year ended December 31, 2022 and three months ended March 31, 2023.

	March 31, 2023	*December 31, 2022*
Share price	$0.060	$0.035
Risk-free interest rate	3.59%	3.28%
Expected dividend yield	0.00%	0.00%
Expected stock volatility	116%	108%
Expected life in years	5.0 years	3.0 years

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the three months ended March 31, 2023 consisted of:

a) The issuance of shares to settle debt of $200,000.
b) The issuance of 40,000 shares valued at $2,200 pursuant to the Surface Access Agreement for Miller Property.

15. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

16. COMMITMENTS AND CONTINGENCIES

The Company was obliged to spend $900,000 by December 31, 2022 and $799,998 by December 31, 2023 as part of the flow-through funding agreement for shares issued in 2021 and 2022, respectively. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

16. COMMITMENTS AND CONTINGENCIES (continued)

As of March 31, 2023, the Company has fulfilled approximately $1,001,000 of the total commitment. For the three months ended March 31, 2023, the Company has recorded amortization of flow-through premium liability of $39,340 (three month ended March 31, 2022 - $5,823) in the statements of loss and comprehensive loss.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See Note 11.

Marrelli Service Support Inc. - CFO and service consulting agreement
The Company is obligated to pay a termination notice for consulting service of $3,750 for 24 months from the effective date of the termination notice, if the termination notice is provided within the first two calendar years.

Executive compensation
The Company entered into employment agreement with it senior executive which contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control, as well as termination commitment of USD$250,000. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

17. SUBSEQUENT EVENT

On April 28, 2023, the Company announced the closing of a non-brokered private placement of 10,833,000 flow-through units (each, an "FT Unit") at a price of $0.06 per FT Unit for aggregate gross proceeds of $649,980. Each FT Unit is comprised of one flow-through share in the capital of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share in the capital of the Company ("Common Share") at a price of $0.10 per Common Share for a period of 60 months from the date of issuance.

In addition, the Company announced the closing of a non-brokered private placement of 1,300,000 units ("Ordinary Unit") at a price of $0.05 per Ordinary Unit for aggregate gross proceeds of $65,000. Each Ordinary Unit is comprised of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.10 per Common Share for a period of 60 months from the date of issuance.