



HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JUNE 30, 2023, AND 2022

NOTICE TO READER
NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated 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 consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements.

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	June 30, 2023	March 31, 2023
		\$	\$
Assets			
Current			
Cash		375,020	4,129,232
Short-term investments	5	28,750	28,750
Marketable securities	6	20,000	30,000
Amounts receivable		283,111	45,598
Prepaid amounts and advances	7	2,044,136	2,331,552
Total Current Assets		2,751,017	6,565,132
Non-current			
Long-term prepaid amounts	7	51,328	71,081
Exploration and evaluation assets	8	25,750,297	25,724,527
Equipment	9	1,288,082	1,327,062
Total Non-current Assets		27,089,707	27,122,670
Total Assets		29,840,724	33,687,802
Liabilities			
Current			
Accounts payable and accrued liabilities		1,239,331	1,091,275
Due to related parties	11	70,468	195,635
Total Current Liabilities		1,309,799	1,286,910
Non-current			
Long-term liabilities	4	173,425	168,717
Reclamation and closure cost provisions	4, 12	192,126	187,898
Consideration payable	4	2,326,699	2,308,246
Total Non-current Liabilities		2,692,250	2,664,861
Total Liabilities		4,002,049	3,951,771
Shareholders' equity			
Share capital	13	76,768,997	76,820,382
Accumulated other comprehensive income		282,795	282,795
Reserves	13	9,558,214	9,136,749
Deficit		(60,771,331)	(56,503,895)
Total Shareholders' Equity		25,838,675	29,736,031
Total Liabilities and Shareholders' Equity		29,840,724	33,687,802

Nature of operations and continuance of operations (Note 1)
Subsequent events (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on August 16, 2023. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

Three months ended June 30			
	Note	2023	2022
Exploration and evaluation			
Exploration expenditures	8	\$ 2,950,431	\$ 367,732
General and administrative			
Accretion of provision for reclamation and closure		4,228	\$ -
Depreciation	9	38,980	7,210
Directors fees	11	14,750	22,063
Insurance		13,952	16,213
Investor relations and marketing		721,211	154,834
Management fees	11	104,250	104,250
Office operations		127,537	114,647
Professional fees		74,063	38,150
Regulatory fees		16,212	8,521
Rent		6,682	6,682
Share-based compensation	11, 12 (c),(e)	421,465	184,980
Transfer agent		5,443	2,880
Travel and promotion		15,449	25,224
		1,564,222	685,654
Loss before the undernoted		(4,514,653)	(1,053,386)
Other income / (expense)			
Foreign exchange gain or (loss)		266,528	(37,668)
Interest income		9,142	-
Contingent payable revaluation loss		(18,453)	-
Changes in fair value of marketable securities	6	(10,000)	(55,000)
		247,217	(92,668)
Loss for the period		(4,267,436)	(1,146,054)
Comprehensive loss for the period		\$ (4,267,436)	\$ (1,146,054)
Basic and diluted loss per share			
		\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding (basic and diluted)			
		147,773,612	43,026,340

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

Share Capital							
	Number of Shares	Amount	Reserves	Accumulated Comprehensive Loss	Deficit	Total Shareholders' Equity	
Balance, March 31, 2022	43,026,340	\$ 54,732,184	\$ 7,237,729	\$ 282,795	\$ (51,972,189)	\$ 10,280,519	
Share-based compensation	-	-	184,980	-	-	184,980	
Loss for the period	-	-	-	-	(1,146,054)	(1,146,054)	
Balance, June 30, 2022	43,026,340	\$ 54,732,184	\$ 7,422,709	\$ 282,795	\$ (53,118,243)	\$ 9,319,445	
Balance, March 31, 2023	147,773,612	\$ 76,820,382	\$ 9,136,749	\$ 282,795	\$ (56,503,895)	\$ 29,736,031	
Share issuance costs - cash	-	(51,385)	-	-	-	(51,385)	
Share-based compensation	-	-	421,465	-	-	421,465	
Loss for the period	-	-	-	-	(4,267,436)	(4,267,436)	
Balance, June 30, 2023	147,773,612	\$ 76,768,997	\$ 9,558,214	\$ 282,795	\$ (60,771,331)	\$ 25,838,675	

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Three months ended June 30	
	2023	2022
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (4,267,436)	\$ (1,146,054)
Items not affecting cash:		
Accretion of provision for reclamation and closure	4,228	-
Depreciation	38,980	7,210
Share-based payments	421,465	184,980
Fair value gain on marketable securities	10,000	55,000
Unrealized foreign exchange	4,708	-
Consideration payable revaluation	18,453	-
<i>Net change in non-cash working capital</i>		-
Amounts receivable	(237,513)	4,648
Prepaid amounts and advances	307,169	135,849
Accounts payable and accrued liabilities	148,056	(175,298)
Reclamation bond	-	7,407
Due to related parties	(125,167)	51,355
	\$ (3,677,057)	\$ (874,903)
Investing activities		
Acquisition of exploration and evaluation assets	-	(24,566)
	\$ -	\$ (24,566)
Financing activities		
Share issuance cost	(51,385)	-
Shares issued for the exercise of options	-	-
	\$ (51,385)	\$ -
Change in cash	(3,728,442)	(899,469)
Cash, beginning of the period	\$ 4,129,232	\$ 1,183,046
Cash, end of the period	\$ 400,790	\$ 283,577
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for taxes	\$ -	\$ -

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (the "Company") is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR". The Company is also trading on the OTCQX under the trading symbol "HSTXF".

These condensed interim consolidated financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to 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.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company has incurred operating losses since inception, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Rounded to 000's		June 30, 2023	March 31, 2023
Working capital surplus	\$	1,441,000	\$ 5,278,000
Accumulated deficit	\$	(60,771,000)	\$ (56,504,000)

2. BASIS OF PREPARATION – STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and related IFRS Interpretations Committee (“IFRICs”), as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name of the company	Place of incorporation	Proportion of ownership interest June 30, 2023	Proportion of ownership interest March 31, 2023	Principal activity
Heliostar Metals USA Inc.	Nevada, USA	100%	100%	Mineral exploration
Heliostar Metals Alaska Inc.	Alaska, USA	100%	100%	Mineral exploration
Heliostar Metals Limited	British Columbia, Canada	100%	100%	Holding company
Heliostar Metals Mexico S.A. de C.V.	Chihuahua, Mexico	100%	100%	Mineral exploration
Aurea Mining Inc.	British Columbia, Canada	100%	0%	Holding company, acquired during fiscal year 2023
Minera Aurea S.A. de C.V.	Guerrero, Mexico	100%	0%	Mineral exploration, acquired during fiscal year 2023
Heliostar Metals S.A. de C.V.	Chihuahua, Mexico	100%	0%	Mineral exploration, acquired during fiscal year 2023

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2023.

The preparation of Financial Statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended March 31, 2023. Certain comparative figures may have been reclassified to conform to the current period's presentation.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a) Key sources of estimation uncertainty

Share-based payments

The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such a determination is made.

Estimated useful lives and depreciation of equipment and intangible asset

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Fair value of assets and liabilities acquired

The cost of acquiring exploration and evaluation assets is capitalized and represents their fair value at the date of acquisition. The carrying values of Aurea Mining acquired by the Company are subject to estimates relating to the fair value of other assets and liabilities of Aurea Mining at the acquisition date.

Contingent consideration

The Company's accounting policy for contingent consideration involves making estimates and assumptions regarding future events or circumstances. These include assessing probabilities and timing of payments and applying discount rates to cash flows. These estimates are subject to change with new information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)*

b) Key sources of judgment uncertainty

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at June 30, 2023.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and evaluation assets

Management reviews the carrying value of the Company's exploration and evaluation assets on a quarterly basis or when there are indications that the carrying amount may not be recovered. The assessment of potential impairment involves judgment and considers various factors such as the Company's market capitalization, fluctuations in metal prices, property plans, and the results of exploration activities conducted so far. This evaluation also considers changes in the market or business environment, events that have affected the asset, and information obtained from internal reporting to determine if any indications of impairment exist.

Acquisitions

On acquisition of a set of assets and liabilities, management applies judgment in determining whether the set acquired includes the inputs and processes applied to those inputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. Transactions accounted for as business combinations may result in goodwill, or a bargain purchase gain, and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill, or a bargain purchase gain, and transaction costs are capitalized as part of the assets acquired.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Aurea Mining Inc. (Note 4) met the criteria for accounting as an asset.

4. ACQUISITION OF AUREA MINING

On March 28, 2023, the Company acquired 100% of the issued and outstanding shares of Aurea Mining Inc. ("Aurea Mining"), a wholly owned subsidiary of Argonaut Gold Inc. ("Argonaut"), a publicly traded company listed on the Toronto Stock Exchange. Aurea Mining's wholly owned subsidiary Minera Aurea, S.A. de C.V. ("Minera Aurea") holds a 100% indirect interest in the Ana Paula project ("Ana Paula"). For accounting purposes, the acquisition has been recorded as an asset acquisition as Aurea Mining did not meet the definition of a business, as defined in IFRS 3 Business Combinations.

Purchase consideration includes the following:

1. a US\$10 million (\$13,626,000) payment on closing (paid).
2. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as having an aggregate value of US\$5.0 million divided by the Heliostar share price of \$0.25;
3. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) July 1, 2024, a cash payment to Argonaut of US\$2.0 million.
4. On the date that the Company announces a construction decision for the Ana Paula project it will pay Argonaut a cash payment of US\$3.0 million and US\$2.0 million in cash or Heliostar Shares at a price equal to the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days immediately prior to the announcement of the construction decision; and
5. If the Company doesn't announce mine construction at the Ana Paula Project by July 1, 2025, they must make annual payments of US\$300,000 to Argonaut. Alternatively, they can issue Heliostar Shares equal to US\$300,000 divided by VWAP of Heliostar Shares. However, if construction is delayed due to permit issues, no payments are required. Any payments made will be credited towards the US\$5.0 million payment required on the commencement of commercial production.
6. On the date that the Company commences commercial production at the Ana Paula project, it will pay Argonaut an additional US\$5.0 million in cash and US\$3.0 million in cash or Heliostar Shares at a price equal to the VWAP of the Heliostar Shares for the ten trading days immediately prior to the announcement of commercial production.

Consideration payable is comprised of the US\$2.0 million payable due on the earlier of completion of a feasibility study and July 1, 2024.

The pre-tax discount rate applied to the consideration payable calculation is 12%, which represents the current market assessment of the risk specific to the Company, taking into consideration the time value. A 10% decrease/increase in the discount rate would increase/decrease the consideration payable balance as of June 30, 2023, by approximately \$235,000.

As of June 30, 2023, the contingent payable provision has been re-valuated to \$2,326,699, and the loss of \$18,453 has been recorded in the consideration payable revaluation loss for the three-month period ended June 30, 2023 (June 30, 2022 - \$nil).

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2023, AND 2022
(Presented in Canadian Dollars)

4. ACQUISITION OF AUREA MINING (continued)

Net identifiable assets (liabilities) acquired in the acquisition of Ana Paula are identified as follows:

Total consideration	
Cash payment	\$ 13,626,000
Transaction costs	452,699
Consideration payable	2,308,246
	\$ 16,386,945
Net identifiable assets (liabilities) acquired	
Cash and cash equivalents	\$ 18,016
Prepaid expenses and deposits	45,028
Property, plant, and equipment	1,259,766
Exploration and evaluation assets	15,489,131
Accounts payable and accrued liabilities	(68,381)
Other long-term liabilities	(168,717)
Asset retirement obligation	(187,898)
Total	\$ 16,386,945

5. SHORT-TERM INVESTMENTS

As at June 30, 2023, the Company pledged \$28,750 with Bank of Montreal (March 31, 2023 - \$28,750) as collateral for a corporate credit card.

6. MARKETABLE SECURITIES

Description	Shares	Cost	Fair value at June 30, 2023	Fair value at March 31, 2023
Trillium Gold	250,000	\$ 375,000	\$ 20,000	\$ 30,000

7. PREPAID AMOUNTS AND ADVANCES

	June 30, 2023	March 31, 2023
Prepaid amounts and advances	\$ 2,044,136	\$ 2,331,552
Long-term prepaid amounts	\$ 51,328	\$ 71,081

Prepaid amounts include advances made to contractors and expenses related to future periods which are expensed when they are incurred.

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2023, AND 2022
(Presented in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at June 30, 2023, and March 31, 2023:

Property acquisition costs	March 31, 2023	Acquisition costs	June 30, 2023
Alaska (USA)			
Unga project	\$ 4,568,405	\$ -	\$ 4,568,405
Sonora (Mexico)			
Heliodor projects	5,666,991	-	5,666,991
Guerrero (Mexico)			
Ana Paula project	15,489,131	25,770	15,514,901
	\$ 25,724,527	\$ 25,770	\$ 25,750,297

Property acquisition costs	March 31, 2022	Acquisition costs	March 31, 2023
Alaska (USA)			
Unga project	\$ 4,448,300	\$ 120,105	\$ 4,568,405
Sonora (Mexico)			
Heliodor projects	5,666,991	-	5,666,991
Guerrero (Mexico)			
Ana Paula project	-	15,489,131	15,489,131
	\$ 10,115,291	\$ 15,609,236	\$ 25,724,527

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2023, AND 2022
(Presented in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Company incurred the following exploration expenditures during the three months ended June 30, 2023, and 2022:

Exploration expenditures	Alaska Unga	Sonora Heliodor	Guerrero Ana Paula	Total
Assaying	\$ -	\$ 707	\$ 420	\$ 1,127
Camp support	4,431	-	343,065	347,496
Consulting	29,750	-	262,855	292,605
Drilling	-	3,044	901,335	904,379
Equipment rental	-	722	88,537	89,259
Fuel & transportation	-	3	42,676	42,679
Geological	-	46,018	305,921	351,939
Geophysical	1,997	75	-	2,072
Other	-	-	32,965	32,965
Rescoping	-	-	87,949	87,949
Safety	-	-	55,237	55,237
Permitting	403	-	3,801	4,204
Supplies and materials	-	9	4,805	4,814
Technical report	-	-	10,102	10,102
Transportation and surface access	-	3,900	2,016	5,916
Travel and accommodation	-	86	19,196	19,282
Vegetation removal	-	-	493,432	493,432
Effects of foreign exchange	-	-	158,951	158,951
Period ended June 30, 2023	\$ 36,581	\$ 54,564	\$ 2,813,263	\$2,904,408

Exploration expenditures	Alaska Unga	Sonora Heliodor	Total
Camp	16,987	-	16,987
Consulting	81,752	-	81,752
Drilling	-	8,140	8,140
Equipment rental	1,532	1,336	2,868
Fuel & transportation	48,874	228	49,102
Geological	1,792	93,003	94,795
Geophysical	68,478	-	68,478
Other	-	169	169
Permitting	255	-	255
Supplies and materials	20	273	293
Transportation and surface access	25,536	1,181	26,717
Travel and accommodation	9,147	9,029	18,176
Period ended June 30, 2022	\$ 254,373	\$ 113,359	\$ 367,732

8. EXPLORATION AND EVALUATION ASSETS *(Continued)*

a) Ana Paula Project, Guerrero, Mexico

The Ana Paula Project is a gold resource development project located in Guerrero State, Mexico.

The Company acquired the Ana Paula project in March 2023 from Argonaut Gold, Inc. (Note 4). The Company recognizes the liabilities for legal or constructive obligations associated with the retirement of the Ana Paula projects (Note 12).

b) San Antonio option

In December 2022, the Company entered into an Option Agreement with Argonaut with an amendment in February 2023, whereby the Company has been granted the option to acquire a 100% interest in and to Argonaut's San Antonio project, located in Baja California Sur, Mexico. The term of the Option Agreement is for a three-year period, provided, however, the term may be extended for an additional 18-months in the event the Company is able to successfully acquire the required environmental permits to advance the San Antonio gold project. The consideration payable upon exercise of the option is summarized below:

1. A cash payment to Argonaut of US\$80 million in the event the average gold price is below \$1,800 per ounce for the six months preceding the Company exercising the option; or
2. A cash payment to Argonaut of US\$120 million in the event the average gold price is between \$1,800 per ounce to \$2,000 per ounce for the six months preceding the Company exercising the option; or
3. A cash payment to Argonaut of US\$150 million in the event the average gold price is above \$2,000 per ounce for the six months preceding the Company exercising the option; and
4. Granting Argonaut a 2% NSR royalty in the event of exercise of the option (capped at 2% for claims with existing NSR considerations).

c) Unga Project, Alaska, USA

The Unga Project is comprised of patented Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with an option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

c) *Unga Project, Alaska, USA* (continued)

Pursuant to the Agreement, the Company is required to complete the following:

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution date of the agreement	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
January 1, 2020	75,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
January 1, 2021	80,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
January 1, 2022	85,000 ⁽ⁱ⁾	550,000 ⁽ⁱⁱ⁾
January 1, 2023	90,000 ⁽ⁱ⁾	600,000 ⁽ⁱⁱ⁾
January 1, 2024	95,000	700,000
January 1, 2025	100,000	750,000
January 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

^(a) The cash amount includes the option payments and the materials payments.

^(b) The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

⁽ⁱ⁾ Paid

⁽ⁱⁱ⁾ Incurred

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project". Upon signing this agreement, the Company paid Shumagin a fee in the amount of US\$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity the Company will pay an additional US\$22,500 (paid).

d) *Heliodor projects, Sonora, Mexico*

As part of the acquisition of Heliodor Metals Limited ("Heliodor") in August 2020, the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

(i) The Oso Negro project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months (paid); and US\$100,000 after 18 months (December 15, 2021). The December 15, 2021, payment was re-negotiated and settled for US\$75,000 (paid) on September 13, 2021, as the final payment to acquire the property. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.

(ii) The La Lola project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2022 (paid); and US\$25,000 by March 25, 2022 (paid). The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

(iii) The Cumaro project

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000.

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9. PROPERTY, PLANT, AND EQUIPMENT

	Equipment	Vehicles	Buildings	Total
Cost				
Balance - March 31, 2023	\$ 4,200	\$ 528,234	\$ 931,529	\$ 1,463,963
Additions	-	-	-	-
Balance - June 30, 2023	\$ 4,200	\$ 528,234	\$ 931,529	\$ 1,463,963
Accumulated depreciation				
Balance - March 31, 2023	\$ 4,200	\$ 132,701	\$ -	\$ 136,901
Depreciation	5,047	24,618	9,315	38,980
Balance - June 30, 2023	\$ 9,247	\$ 157,319	\$ 9,315	\$ 175,881
Carrying amounts				
As at March 31, 2023	\$ -	\$ 395,533	\$ 931,529	\$ 1,327,062
As at June 30, 2023	\$ (5,047)	\$ 370,915	\$ 922,214	\$ 1,288,082

10. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the period ended June 30, 2023, was \$354,999 (June 30, 2022 - \$287,365) and comprised of the following:

	Three months ended	
	June 30, 2023	June 30, 2022
Senior executive fees	\$ 104,250	\$ 104,250
Non-executive directors fees	14,750	22,063
Share-based compensation	235,999	161,052
	\$ 354,999	\$ 287,365

Other balances due to related parties include the following:

(a) Due to related parties

As of June 30, 2023, \$51,328 (March 31, 2023 - \$195,635) was payable to the management of the Company as part of their management fees.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

12. RECLAMATION AND CLOSURE COST PROVISIONS

On March 28, 2023, the Company acquired Aurea Mining (Note 5) from Argonaut Gold Inc. The Company recognizes liabilities for legal or constructive obligations associated with the retirement of the Ana Paula projects. The net present value of future rehabilitation costs is capitalized to the Ana Paula Project along with a corresponding increase in the rehabilitation provision of \$187,898.

Environmental monitoring and basic site maintenance costs are treated as period costs and are expensed in the period incurred.

The total undiscounted cash flow estimated to settle the obligation as at March 31, 2023, was \$286,513 which was adjusted for inflation at the rate of 4.50% and then discounted at a rate of 9.00%. The Company anticipates incurring the reclamation and closure costs after 10 years. The present value of the reclamation and closure cost provision at March 31, 2023, is \$187,898.

For the three-month period ended June 30, 2023, accretion expense on the reclamation and closure cost provisions is \$4,228 (June 30, 2022 - \$nil).

The following is a continuity schedule of the provisions for closure and reclamation:

		Aurea Mining
Balance at March 31, 2023	\$	\$187,898
Accretion expense		4,228
Balance at June 30, 2023	\$	\$192,126

13. SHARE CAPITAL

a) *Authorized:*

At June 30, 2023, and 2022, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) *Share Issuances:*

No shares were issued during the period ended June 30, 2023.

For the year ended March 31, 2023:

On March 16, 2023, the Company closed a non-brokered private placement, issuing 92,727,272 units at \$0.22 per unit for gross proceeds of \$20,400,000.

Each unit consists of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant. Each warrant shall entitle the holder thereof to purchase one additional share at an exercise price of \$0.30 per share for a period of thirty-six months following the date of issuance.

In connection with the financing, the Company paid \$554,700 cash broker fees and issued 2,521,461 non-transferable broker warrants to three qualified finders. Each broker warrant is exercisable into one share at an exercise price of \$0.30 per Common for a period of thirty-six months following the date of issue. The broker warrants have a fair value of \$398,995 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$76,745 in share issue costs.

13. SHARE CAPITAL *(Continued)*

(b) Share Issuances *(Continued)*

For the year ended March 31, 2023 (continued)

On August 2, 2022, the Company closed a non-brokered private placement, issuing 12,020,000 units at \$0.25 per unit for gross proceeds of \$3,005,000.

Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of \$0.50 for a period of 6 months following the closing date (the "Transition Date"). On the Transition Date, each outstanding warrant shall automatically (without any need for notice or action) convert into a half-warrant and thereafter the holder will only be entitled to purchase one Common Share upon the exercise of two half-warrants at an aggregate exercise price of \$0.75 per Common Share. The half-warrants will expire eighteen months after the Transition Date. The residual value of the proceeds allocated to the warrants is \$240,400.

In connection with the financing, the Company paid \$14,700 cash broker fees and issued 58,800 broker warrants. Each broker warrant is exercisable into one Share at an exercise price of \$0.50 per common share until the Transition Date. On the Transition Date, each outstanding warrant shall automatically (without any need for notice or action) convert into a half-warrant and thereafter the holder will only be entitled to purchase one common share upon the exercise of two Half-Warrants at an aggregate exercise price of \$0.75 per common share. The half-warrants will expire eighteen months after the Transition Date. The broker warrants have a fair value of \$4,121 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$27,141 in share issue costs.

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13. SHARE CAPITAL (Continued)

c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange, and the term cannot exceed 10 years. The vesting period of each option is determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the period ended June 30, 2023, and 2022 is summarized as follows:

Expiry date	Exercise price	March 31, 2023	Granted	Exercised	Expired / Cancelled	June 30, 2023
March 15, 2024	\$ 0.75	96,667	-	-	-	96,667
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,023,333	-	-	-	1,023,333
March 27, 2028	\$ 0.30	8,651,250	-	-	-	8,651,250
Options outstanding		11,967,917	-	-	-	11,967,917
Options exercisable		5,780,973				5,780,973
Weighted average exercise price		\$ 0.55	\$ -	\$ -	\$ -	\$ 0.55

Expiry date	Exercise price	March 31, 2022	Granted	Exercised	Expired / Cancelled	March 31, 2023
April 11, 2022	\$ 2.10	136,667	-	-	(136,667)	-
March 15, 2024	\$ 0.75	96,667	-	-	-	96,667
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,250,000	-	-	(226,667)	1,023,333
March 27, 2028	\$ 0.30	-	8,651,250	-	-	8,651,250
Options outstanding		3,680,001	8,651,250	-	(363,334)	11,967,917
Options exercisable		2,187,668				5,780,973
Weighted average exercise price		\$ 1.20	\$ 0.30	\$ -	\$ 1.24	\$ 0.55

As of June 30, 2023, the weighted average contractual remaining life is 4.12 years (March 31, 2023 – 4.37 years). The weighted average exercise price for options exercisable as at March 31, 2023, is \$0.78 (March 31, 2023 – \$0.78).

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13. SHARE CAPITAL (Continued)

c) Share Purchase Option Compensation Plan (Continued)

As at June 30, 2023, the Company recognized \$323,630 (June 30, 2023 - \$184,980) in share-based payments expense for the fair value of stock options granted and vested. The following table summarizes the weighted average assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of stock options:

	June 30, 2023	March 31, 2023
Expected dividend yield	Nil	Nil
Expected stock price volatility	148.73%	148.73%
Fair value of stock price	\$0.54	\$0.54
Risk-free interest rate	2.42%	2.42%
Fair value	\$0.44	\$0.44
Forfeiture rate	Nil	Nil
Expected life of options	4.25 years	4.49 years

d) Warrants

A continuity of warrants for the period ended June 30, 2023, is as follows:

Expiry date	Exercise price	March 31, 2023	Issued	Exercised	Expired	June 30, 2023		
October 18, 2023	\$ 1.20	928,732	-	-	-	928,732		
October 18, 2023	\$ 1.20	58,107	-	-	-	58,107		
November 5, 2023	\$ 1.20	1,938,303	-	-	-	1,938,303		
November 5, 2023	\$ 1.20	199,124	-	-	-	199,124		
August 2, 2024	\$ 0.75	6,010,000	-	-	-	6,010,000		
August 2, 2024	\$ 0.75	29,400	-	-	-	29,400		
March 16, 2026	\$ 0.30	2,521,461	-	-	-	2,521,461		
March 16, 2026	\$ 0.30	46,363,636	-	-	-	46,363,636		
Outstanding		58,048,763	-	-	-	58,048,763		
Weighted average exercise price	\$	0.36	\$	-	\$	-	\$	0.36

	Exercise							
Expiry date	price	March 31, 2022	Issued	Exercised	Expired	March 31, 2023		
August 21, 2022	\$ 1.50	263,333	-	-	(263,333)	-		
May 5, 2022	\$ 1.70	2,674,308	-	-	(2,674,308)	-		
May 5, 2022	\$ 1.05	310,921	-	-	(310,921)	-		
October 18, 2023	\$ 1.20	928,732	-	-	-	928,732		
October 18, 2023	\$ 1.20	58,107	-	-	-	58,107		
November 5, 2023	\$ 1.20	1,938,303	-	-	-	1,938,303		
November 5, 2023	\$ 1.20	199,124	-	-	-	199,124		
August 2, 2024 *	\$ 0.50	-	12,020,000	-	(12,020,000)	-		
August 2, 2024 *	\$ 0.50	-	58,800	-	(58,800)	-		
August 2, 2024 *	\$ 0.75	-	6,010,000	-	-	6,010,000		
August 2, 2024 *	\$ 0.75	-	29,400	-	-	29,400		
March 16, 2026	\$ 0.30	-	2,521,461	-	-	2,521,461		
March 16, 2026	\$ 0.30	-	46,363,636	-	-	46,363,636		
Outstanding		6,372,828	67,003,297	-	(15,327,362)	58,048,763		
Weighted average exercise price	\$	1.41	\$	0.34	\$	0.74	\$	0.36

* On February 2, 2023, 12,020,000 and 58,800 warrants from August 2, 2022, convert to half-warrants. Two half-warrants can buy one Common Share at \$0.75 per share. The warrants expired 18 months from issuance date (August 2, 2022).

13. SHARE CAPITAL (Continued)

d) **Warrants** (continued)

The weighted average remaining life of the outstanding warrants as at March 31, 2023, is 2.42 years (March 31, 2023 – 2.67 years).

The fair value of the finder's warrants issued during the period ended June 30, 2023, was \$nil (June 30, 2022: \$nil).

e) **Restricted shares units (RSU)**

On March 27, 2023, pursuant to the Company's Equity Incentive Compensation Plan, the Company granted 2,218,750 restricted share units (each, an "RSU") to directors, officers, employees, and consultants of the Company. The RSUs will vest in three equal annual installments commencing on the first anniversary of the grant date. The Company can settle each vested RSUs with cash or shares at the Company's discretion at the vested day.

The total grant date fair value of the RSUs was \$643,438, which will be realized as the RSUs vest.

For the period ended June 30, 2023, the Company has recognised a fair value of \$97,835 (June 30, 2022: \$nil) for the RSUs.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short-term investments which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The valuation of these liabilities requires the use of significant estimates (Note 3, Critical accounting estimates). Insofar as the amount of the obligation can be measured with sufficient reliability, the net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period recognized. The net present value of the rehabilitation obligation is calculated using a pre-tax discount rate that reflects the time value of money. Environmental monitoring and basic site maintenance costs are treated as period costs and are expensed in the period incurred.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, infrastructure or technology, discount rates and estimates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as accretion expense.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

i. Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

ii. Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$33,703 denominated in US dollars and net monetary assets of \$130,233 denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars or Mexican pesos would have an immaterial affect to the net loss.

iii. Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken. Fluctuations in pricing may not be significant.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at June 30, 2023, the Company had a cash balance of \$375,020 (March 31, 2023: \$4,129,232) and accounts payable and accrued liabilities of \$1,239,331 (March 31, 2023: \$1,091,275) with contractual maturities of less than one year. The Company does not have sufficient cash to meet its current liabilities but can continue to raise funds through private placements (subsequently to the period ended June 30, 2023, the Company completed a private placement, Note 16). The management assessed the liquidity risk as high.

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15.SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada, Mexico and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
June 30, 2023				
<i>Non-current assets</i>				
Long-term prepaid amounts	\$ -	\$ -	44,000	44,000
Exploration and evaluation assets	-	4,568,000	21,182,000	25,750,000
Equipment	-	62,000	1,226,000	1,288,000
March 31, 2023				
<i>Non-current assets</i>				
Long-term prepaid amounts	\$ -	\$ -	47,000	47,000
Exploration and evaluation assets	-	4,568,000	21,156,000	25,724,000
Equipment	-	67,000	1,260,000	1,327,000

16.SUBSEQUENT EVENTS

Financing

Subsequent to the three month period ended June 30, 2023, on July 11, 2023, the Company completed a private placement, offering of 18,919,024 units at \$0.37 per unit for approximately \$7,000,000 in gross proceeds.

Each unit includes one common share and half of a warrant. The warrant allows purchasing one common share at \$0.50 for the first six months until January 11, 2024, and then at \$0.70 for the remaining 18 months.

The Company paid \$221,782 cash broker fees and \$30,000 corporate finance fee in connection with the brokered portion of the financing. The Company issued 599,412 non-transferable compensation options to the agents. Each compensation option entitles the holder to purchase one common share at \$0.37 for a period of 18 months.

In connection with the non-brokered portion of the financing, the Company paid \$41,400 finder's fees and issued 111,894 non-transferable finder's warrants to the finder. Each finder's warrant entitles the holder to purchase one common share at \$0.37 for a period of 18 months.