CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023

(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes		February 28, 2023		As at August 31, 2022
ASSETS					
Current					
Cash		**$**	**643,090**	$	796,760
GST receivable and other			**55,795**		39,538
Prepaid expenses			**341,395**		30,365
Total Current Assets			**1,040,280**		866,663
Exploration and evaluation assets	3		**543,050**		305,503
Property and equipment	4		**13,994**		78,312
Total Assets		**$**	**1,597,324**	$	1,250,478
LIABILITIES AND EQUITY					
Current					
Accounts payable and accrued liabilities	9	**$**	**59,167**	$	110,593
Total Liabilities			**59,167**		110,593
Equity					
Share capital	5		**16,042,165**		15,010,918
Reserves	5		**1,797,784**		1,752,957
Deficit			**(16,301,792)**		(15,623,990)
Total Equity			**1,538,157**		1,139,885
Total Liabilities and Equity		**$**	**1,597,324**	$	1,250,478

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN
NOTE 13 – SUBSEQUENT EVENTS

Approved on behalf of the Board of Directors:

/s/ Pierre Leveille	*/s/ Jean Luc Roy*
Director	Director

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the three months ended February 28, 2023	For the three months ended February 28, 2022	For the six months ended February 28, 2023	For the six months ended February 28, 2022
EXPENSES				
Advertising and marketing	**$ 26,315**	$ 32,500	**$ 69,503**	$ 86,786
Consulting fees (Note 12)	**107,478**	63,252	**222,055**	146,070
Investor relations	**-**	6,560	**7,340**	33,223
Management fees	**98,158**	101,796	**189,944**	197,016
Office and miscellaneous	**22,636**	45,419	**50,010**	46,469
Professional fees	**33,161**	89,951	**59,773**	129,946
Regulatory and transfer agent fees	**12,341**	33,925	**13,831**	39,299
Shareholder information	**5,009**	6,505	**6,739**	10,865
Share-based compensation (Notes 9 & 12)	**24,000**	-	**24,000**	45,552
Travel	**7,438**	-	**34,607**	-
Loss before other expenses	**(336,536)**	(379,908)	**(677,802)**	(735,226)
Net loss and comprehensive loss for the year	**$ (336,536)**	$ (379,908)	**$ (677,802)**	$ (735,226)
Loss per common share				
Basic and diluted	**$ (0.00)**	$ (0.00)	**$ (0.005)**	$ (0.005)
Weighted average number of common shares outstanding				
Basic and diluted	**162,134,316**	146,334,700	**162,134,316**	146,334,700

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount ($)**	**Reserves ($)**	**Deficit ($)**	**Total Equity ($)**
Balance, August 31, 2021	**146,334,700**	**14,945,918**	**1,374,654**	**(6,703,637)**	**9,616,935**
Shares issuance – property acquisition	1,300,000	65,000	-	-	65,000
Share-based compensation	-	-	378,303	-	378,303
Net loss for the year	-	-	-	(8,920,353)	(8,920,353)
Balance, August 31, 2022	**147,634,700**	**15,010,918**	**1,752,957**	**(15,623,990)**	**1,139,885**
Shares issuance – private placements	21,740,000	1,087,000	-	-	1,087,000
Share issue costs	-	(34,926)	-	-	(34,926)
Finder warrants	-	(20,827)	20,827	-	-
Share-based compensation	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(677,802)	(677,802)
Balance, February 28, 2023	**169,374,700**	**16,042,165**	**1,797,784**	**(16,301792)**	**1,538,157**

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the six months ended February 28,	
	2023	2022
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	**(677,802)**	(735,226)
Items not affecting cash:		
Share based compensation	**24,000**	45,552
Changes in non-cash working capital items:		
Prepaid expense	**(311,030)**	15,605
GST receivable and other	**(16,257)**	(7,711)
Accounts payable and accrued liabilities	**(51,426)**	(145,892)
Net cash used in operating activities	**(1,032,515)**	(827,672)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration & evaluation assets	**(235,993)**	(16,618)
Acquisition of equipment	**62,764**	-
Net cash used in investing activities	**(173,229)**	(16,618)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net of costs	**1,052,074**	-
Net cash provided by financing activities	**1,052,074**	-
Change in cash during the period	**(153,670)**	(844,290)
Cash, beginning of period	**796,760**	2,307,138
Cash, end of period	**643,090**	1,462,848

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Deep-South Resources Inc. (the "Company") is a development stage company incorporated on April 24, 1987 under the laws of British Columbia. The Company's head office is located at #888-700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5and is listed on the TSX Venture Exchange ("TSX-V") under the symbol "DSM". The Company is in the business of exploring and evaluating mineral properties located in Africa.

The Company's interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events may cast significant doubt on the validity of this assumption. The Company incurred net loss of $677,802 for the period ended February 28, 2023 (2022 - $735,226 loss) and had an accumulated deficit $16,301,792 (2022 - $15,623,990). These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited interim financial statements are based on IFRSs issued and outstanding as of May 1, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2022, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2022 could result in restatement of these unaudited consolidated interim financial statements.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following entities:

- Koryx Copper B.V., a wholly owned subsidiary of Deep-South Resources Inc.
- 1054137 BC Ltd., a wholly owned subsidiary of Deep-South Resources Inc.
- Deep South Mining (PTY) Ltd., wholly owned subsidiary of 1054137 BC Ltd.
- Haib Minerals (Pty) Ltd., a wholly owned subsidiary of Deep-South Mining (PTY) Ltd.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

(d) Foreign currency transactions

The Company's reporting currency and the functional currency of the Company and its subsidiaries is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalent using foreign exchange rates prevailing at the statement of financial position date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

(e) Financial Instruments

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company's financial instruments are accounted for as follows.

Financial Instrument	IFRS 9 Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Convertible debenture	Amortized Cost

<u>Financial assets</u>
The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL.

Fair value through other comprehensive income ("FVOCI") - FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of operations for the year.

<u>Financial liabilities</u>
Management determines the classification of its financial liabilities at initial recognition.

Amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

<u>Impairment of financial assets at amortized cost</u>
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

<u>Derecognition of financial assets</u>
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

<u>Derecognition of financial liabilities</u>
A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debt in Canadian dollars that can be converted to common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have a conversion option. The conversion component, an equity instrument, is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and conversion components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is a least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The consideration paid, represented by the fair value of the modified convertible debentures are allocated to the liability and equity components of the original convertible debentures at the date of the extinguishment. The method used in allocating the consideration paid and transaction costs to the separate components of the original convertible debentures is consistent with that used in the original allocation to the separate components of the original convertible debentures of the proceeds received by the Company when the original convertible debentures were issued. Once the allocation of the consideration is made, any resulting gain or loss is treated as follows:

- the amount of gain or loss relating to the original liability component is recognized in profit or loss; and
- the amount of consideration relating to the original equity component is recognized in equity in reserves. The amount recognized in convertible debentures equity reserve attributable to the extinguished convertible debentures is also transferred to reserves.

(g) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance if the fair value of the goods and services cannot be determined. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and Evaluation Assets (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties 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 may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(h) Impairment of Long-Lived Assets

Management is required to assess impairment in respect of capitalized exploration and evaluation assets. Note 3 discloses the carrying value of these assets at each reporting period. The triggering events for the impairment of exploration and evaluation assets are defined in IFRS 6 Exploration for and Evaluation of Mineral Resources and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and

- impairment of exploration and evaluation assets is assessed at the cash generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used each of its mineral properties to establish its CGUs.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. All impairment losses are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 20% for mining equipment, 20% for office furniture and equipment, 30% for motor vehicles and 4% for site buildings. An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of operations. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

(j) Share capital

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are issued, with any excess value allocated to the warrants. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(k) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercises would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(l) Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Rehabilitation provisions (continued)

The Company had no rehabilitation obligations as at February 28, 2023 and August 31, 2022.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(m) Income taxes

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

Deferred taxes are recorded using the statement of financial position liability method whereby 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position reporting date. Deferred tax is not recognized for temporary differences, which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit or loss.

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.

(n) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in the reserve. 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. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of operations and comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share-based compensation (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

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 account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

All equity-settled share-based payments are reflected in reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve is credited to share capital along with any consideration paid.

Where a grant of 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. On expiration of options, the previously recognized amount is left in the reserves.

(o) Significant accounting judgments and estimates

The preparation of these consolidated financial statements require management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated financial statements are discussed below:

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

Economic recoverability and probability of future economic benefits of exploration and evaluation assets
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Significant accounting judgments and estimates (continued)

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

The determination of the Company and its subsidiaries' functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

Valuation of Share-based Compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Recovery of Deferred Tax Assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	Haib Property, Namibia	Zambia Copper Belt, Zambia
	$	$
Balance, August 31, 2021	**7,188,254**	**-**
Acquisition costs	-	103,844
Amortization	6,611	-
Geological	21,707	120,295
Other costs	-	81,364
Share-based compensation	35,669	-
Write-off of exploration and evaluation assets	(7,252,241)	-
Balance, August 31, 2022	**-**	**305,503**
Geological	-	**233,856**
Other costs	-	**3,691**
Balance, February 28, 2023	**-**	**543,050**

<u>Haib Property, Namibia</u>

The Company, through its wholly owned subsidiary, Haib Minerals (Pty) Ltd. (“Haib”), acquired an exclusive prospecting license for the Company’s Haib copper project in the south of Namibia. On May 5, 2017, the Company entered into a Share Purchase Agreement with Teck Namibia (Pty) Ltd. (“Teck”) to acquire the remaining 70% interest in Haib (the Company previously owned 30% of the interest) for a total consideration of $3.212 million. Teck will retain a 1.5% Net Smelter on the property, one-third of which can be purchased by the Company for a cash payment of $2 million.

The renewal of the Exclusive Prospecting License 3140 covering the Haib Copper project has been refused by the Minister of Mines and Energy of Namibia. The Company is vigorously contesting this decision by all means necessary and available, including under the Minerals (Prospecting and Mining) Act and other applicable laws of Namibia and other international laws and will be providing regular updates in this regard.

During the year ended August 31, 2022, the Company concluded until the final verdict is received the refusal of the license renewal is an indication of impairment which lead to a test of recoverable amount of the project resulting in an impairment loss of $7,252,241. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the exploration and evaluation asset at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than $nil. As this valuation technique requires management’s judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

On March 10, 2023, the High Court of Namibia has rendered its judgment and reviewed and set aside the decision of the Minister not to renew the Haib Copper licence EPL 3140. As per the court verdict, the Ministry has re-opened the application renewal procedure for the Haib Copper licence. The parties have agreed that the Company will provide additional information. The licence EPL 3140 has been reinstated in the cadastre of the Ministry. The cadastre shows that the licence is valid and pending renewal. The Ministry’s officials have agreed that upon reception of the documents from the Company, they will proceed promptly with the analysis of the application in order to finalize their decision.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Zambian Copper Belt, Zambia

On March 28, 2022, the Company entered a definitive earn-in agreement with Word Class Minerals Venture Ltd ("WCMV") of Zambia to acquire up to 80% of the Large Scale Exploration Licences LEL 23246, LEL 23247 and LEL 23248 held by WCMV, located in the centre of the Zambian Copper belt.

Under the terms of the earn-in agreement the Company will earn a 51% interest in the licenses by completing the following over a two-year period from the execution date:

Date for Completion	Cash	Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
Upon signing the Exclusivity agreement	$15,000 USD (paid)	Nil	$Nil
Upon TSX-V approval	$15,000 USD (paid)	500,000 (issued – fair valued at $25,000)	$Nil
On or before the second anniversary of the Execution Date (1)	$30,000 USD	250,000	$Nil
Total	**$60,000 USD**	**750,000**	**$Nil**

(1) "Execution Date" means the date of the agreement, March 28, 2022.

The Company can earn an additional 29% interest in the licenses by completing the following over a three-year period following the second anniversary of the execution date:

Date for Completion	Cash	Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
On or before the third anniversary of the Execution Date (1)	$30,000 USD	Nil	Not less than $1,000,000
On or before the fourth anniversary of the Execution Date (1)	$30,000 USD	1,000,000	Not less than $1,000,000
On or before the fifth anniversary of the Execution Date (1)	$30,000 USD	Nil	Not less than $1,000,000
Total	**$90,000 USD**	**1,000,000**	**$3,000,000**

(1) "Execution Date" means the date of the agreement, March 28, 2022.

In connection with the earn-in agreement, on March 28, 2022 the Company also entered a Mining Exploration Data Agreement whereby the Company will acquire all of the exploration data for the licences LEL 23246, LEL 23247 and LEL 23248 held by Mr. Nathan Sabao ("the geological consultant") for consideration as follows:

- the issuance of 500,000 common shares (issued – fair valued at $25,000) to the geological consultant upon approval by the TSX-V (granted July 7, 2022);

- Furthermore, on the first anniversary of the transaction, the geological consultant will transfer to the Company all of the exploration data for projects in the Luapula region in consideration for the issuance of a further 500,000 common shares of the Company.

The Company will pay finder's fees for the transaction of 350,000 common shares in two stages which correspond to the Company's satisfying its obligations under the agreement (300,000 issued- fair valued at $15,000).

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Mining Equipment	Office Furniture and Equipment	Motor Vehicles	Total
Cost	$	$	$	$
Balance at August 31, 2022	23,501	342	128,066	151,909
Additions	-	-	-	-
Dispositions	-	-	(128,066)	(128,066)
Balance at February 28, 2023	23,501	342	-	23,843
Amortization				
Balance at August 31, 2022	8,179	116	65,302	73,597
Additions	1,532	22	-	1,554
Dispositions	-	-	(65,302)	(65,302)
Balance at February 28, 2023	9,711	138	-	9,849
Carrying amounts – Net Book Value				
At August 31, 2022	15,322	226	62,764	78,312
At February 28, 2023	**13,790**	**204**	**-**	**13,994**

*The Company capitalized its mining equipment and site buildings amortization to exploration and evaluation assets (Note 3).

During the year ended August 31, 2022, the Company concluded the site buildings associated with the Haib Property (note 3) were impaired leading to a test of recoverable amount of the assets, which resulted in an impairment loss of $69,001. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the assets at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate a recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

5. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

For the six months ended February 28, 2023

On October 11, 2022, the Company closed a non-brokered private placement comprising of 7,840,000 Units at a price of $0.05 per Unit for a gross proceeds of $392,000. Each Unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at $0.10 per share expiring three years from the date of closing.

On February 14, 2023, the Company closed a non-brokered private placement comprising of 13,900,000 Units at a price of $0.05 per Unit for a gross proceeds of $695,000. Each Unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at $0.10 per share expiring three years from the date of closing.

The Company paid $20,220 in finder fees and issued 404,400 finder warrants with the same terms as above. Each security has a four-month hold period from the date of closing the placement.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(b) Issued and outstanding (continued)

For the year ended August 31, 2022

During the year ended August 31, 2022, the Company issued 1,300,000 common shares with a fair value of $65,000 for exploration and evaluation acquisition costs (Note 3).

(c) Stock options

The Company has a rolling stock option plan whereby a maximum of 10% of the issued common shares will be reserved for issuance under the plan. Options granted under the plan vest immediately or over a period at the discretion of the Board of Directors

Under the Plan, the number of shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares unless the Company has obtained Disinterested Shareholder Approval. The options are non-assignable and non-transferable and will be exercisable up to 10 year from the date of grant. The exercise price of an option will be set by the Board and cannot be less than the discounted market price, as such term is defined in policies of the TSX Venture and other applicable regulatory authorities.

The following table summarizes the Company's stock option activities for the following periods:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Options outstanding, August 31, 2021	**11,615,000**	**$0.14**	**3.14**
Granted	1,350,000	$0.08	
Cancelled	(350,000)	$0.11	
Options outstanding, August 31, 2022	**12,615,000**	**$0.13**	**1.30**
Granted	600,000	$0.08	
Options outstanding, February 28, 2023	**13,215,000**	**$0.11**	
Options exercisable, February 28, 2023	**7,451,250**	**$0.11**	**2.28**

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(b) Stock options (continued)

As at February 28, 2023, the Company had options outstanding as follows:

Number of Options	Exercise Price	Expiry Date	Vesting Term
2,300,000	$0.09	February 24, 2025	1/4th every 6 months
700,000	$0.08	June 10, 2025	1/4th every 6 months
500,000	$0.08	June 10, 2025	Fully vested on grant
750,000	$0.08	June 10, 2025	1/4th every 6 months
1,000,000	$0.15	December 31, 2023	Fully vested on grant
750,000	$0.135	July 10, 2023	1/4th every 6 months
250,000	$0.10	September 11, 2025	1/4th every 6 months
200,000	$0.10	October 20, 2023	1/4th every 6 months
350,000	$0.11	October 26, 2025	1/4th every 6 months
2,050,000	$0.17	December 14, 2025	1/4th every 6 months
350,000	$0.17	January 20, 2024	1/4th every 6 months
150,000	$0.17	February 1, 2024	1/4th every 6 months
515,000	$0.22	April 9, 2024	1/4th every 6 months
400,000	$0.25	May 10, 2024	1/4th every 6 months
500,000	$0.20	June 2,2024	1/3rd every 6 months
500,000	$0.22	June 3,2024	1/3rd every 6 months
300,000	$0.07	October 14, 2024	Fully vested on grant
300,000	$0.07	October 14, 2024	1/3rd every 6 months
300,000	$0.08	November 3, 2024	Fully vested on grant
450,000	$0.08	June 29, 2025	1/3rd every 6 months
600,000	$0.08	September 1, 2025	1/3rd every 6 months
13,215,000			

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The stock price volatility is based on the Company's historical prices.
- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying consolidated statements of operations and comprehensive loss.

During the six months ending February 28, 2023, the Company recognized $24,000 (2022-$45,552) in share-based compensation relating to the grant of stock options and $20,827 (2022-Nil) relating to the grant of finder warrants. The fair value of the options was determined utilizing Black Scholes Option Pricing Model with the following weighted average inputs. Risk-free rate: 0.77-1.01%, Expected Life: 3 years, Volatility: 129-142%, and Fair Value $0.05-0.06.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(c) Stock options (continued)

During fiscal year end 2022, the Company recognized $378,303 in share-based compensation relating to the grant of stock options. The fair value of the options was determined utilizing Black Scholes Option Pricing Model with the following weighted average inputs. Risk-free rate: 0.77-3.12%, Expected Life: 3 years, Volatility: 167-172%, and Fair Value $0.08. $342,634 have been expensed as share-based compensation and $35,669 have been capitalized to exploration and evaluation assets.

(d) Warrants

The following table summarizes the Company's warrant activities:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Warrants outstanding and exercisable, August 31, 2021	**41,481,244**	**$0.16**	**2.04**
No transactions	(12,800)	$0.20	
Warrants outstanding and exercisable, August 31, 2022	**41,481,244**	**$0.16**	**2.04**
Granted	10,870,000	$0.10	
Warrants outstanding and exercisable, February 28, 2023	**52,351,244**	**$0.13**	**3.04**

As at February 28, 2023, the Company has warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
800,000	$0.20	November 22, 2023
2,732,500	$0.20	March 5, 2024
4,126,000	$0.09	December 23, 2024
5,780,000	$0.09	January 22, 2025
100,000	$0.09	January 29, 2025
1,348,000	$0.09	April 2, 2025
6,240,000	$0.15	September 16, 2023
5,000,000	$0.15	October 14, 2023
15,341,944	$0.22	January 20, 2023
3,920,000	$0.10	October 11, 2025
6,950,000	$0.10	February 14, 2026
52,351,244		

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(e) Compensation Warrants (continued)

The following table summarizes the Company's finder warrant activities:

	Number of Finder Warrants	Weighted Average Exercise Price
Warrants outstanding and exercisable, August 31, 2021	**3,232,901**	**$0.13**
No transactions	-	-
Warrants outstanding and exercisable, August 31, 2022	**3,232,901**	**$0.13**
Granted	404,400	$0.10
Expired	(1,923,301)	$0.22
Warrants outstanding and exercisable, February 28, 2023	**1,714,000**	**$0.11**

As at February 28, 2023, the Company has warrants outstanding as follows:

Number of Finder Warrants	Exercise Price	Expiry Date
362,800	$0.15	September 16, 2023
946,800	$0.15	October 14, 2023
404,400	$0.10	February 14, 2026
1,714,000		

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Level	Ref.	February 28, 2023	August 31, 2022
			$	$
Other financial assets	1	a	**643,090**	796,760
Other financial liabilities	2	b	**59,167**	110,593

a. Comprises cash
b. Comprises accounts payable and accrued liabilities.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not significantly different from their carrying values.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At February 28, 2023, the Company had a working capital of $981,113 (2022 - $756,070). This included cash of $643,090 (2022 - $796,760) available to meet short-term business requirements and current liabilities of $59,167 (2022 - $110,593). The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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

Currency Risk
The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

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 not exposed to significant interest rate risk relating to its related party balances.

Price Risk
The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company defines capital that it manages as cash and equity, comprising issued common shares and reserves.

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 exploration and evaluation assets. 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.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient 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. The Company is not subject to externally imposed capital restrictions. There was no change to the Company's capital management approach during the year.

9. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements related party transactions are as follows. The key management personnel of the Company are the directors and officers of the Company. Compensation and expenses paid to key management for the following periods:

	February 28, 2023	February 28, 2022
Consulting fees	**$ 186,572**	$ 197,016
	$ 186,572	$ 197,016

Included in accounts payable and accrued liabilities is $Nil (2022 - $Nil) owed to companies controlled by directors or officers as at February 28, 2023. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand.

(Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

a) Operating Segments

The Company's operations are primarily dedicated towards the acquisition, exploration, and development of its properties in British Columbia and Namibia.

b) Geographic Segments

		February 28, 2023		August 31, 2022
Non-current assets				
Canada	**$**	**-**	$	-
Zambia		**543,050**		383,815
	$	**543,050**	$	383,815

11. TAX LOSSES

The Company has non-capital losses carried forward for income tax purposes of approximately $8,252,512 expiring between 2026 and 2039. Deferred tax benefits which may arise as a result of the utilization of non-capital losses and cumulative exploration and development expenses have been offset by deferred tax assets not recognized in these financial statements

12. COMMITMENTS

On February 25, 2019, the Company signed an off-take agreement with a third party ("the Buyer"). The buyer agreed to purchase 5,320,000 units in the Company's March 5, 2019 private placement (see Note 6) for gross proceeds of $532,000. The buyer and the Company plan to construct and operate a copper mine and a solvent-extraction and electro winning plant ("the Plant") on the Company's Haib property. In consideration of the buyer making the investment, the Company has guaranteed to sell, or make available to the buyer, 20% of the output produced by the Company's proposed plant, and in any event, a minimum of 20,000 metric tonnes from commencement of the plant and thereafter throughout the lifetime of the plant. During fiscal year end 2020, an additional off-take portion was granted whereby the Buyer will have the right to buy 2% (2,000 metric tonnes) more of the copper produce.