

# CornishMetals

## CORNISH METALS RELEASES AUDITED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2023

Vancouver, April 26, 2023

**Cornish Metals Inc. (TSX-V/AIM: CUSN)** ("Cornish Metals" or the "Company"), a mineral exploration and development company focused on its projects in Cornwall, United Kingdom, is pleased to announce that it has released its annual audited financial statements and management, discussion and analysis ("MD&A") for the year ended January 31, 2023. The reports are available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.cornishmetals.com](http://www.cornishmetals.com)).

### Highlights for the year ended January 31, 2023 and for the period ending April 26, 2023

*(All figures expressed in Canadian dollars unless otherwise stated)*

- Completion of 10,159 meters of drilling at the United Downs exploration project with assay results from the program confirming management's belief in the potential to develop a Mineral Resource in the United Downs project area, subject to the availability of further funding;
- Four main targets were drill-tested: UD Lode, United Mines, Mount Wellington and Trenares Lode, with all four targets returning results warranting further follow-up drilling (news releases dated [July 5, 2021](#), [August 30, 2021](#), [November 3, 2021](#), [December 6, 2021](#), [June 29, 2022](#) and [August 23, 2022](#));
- Discovery of the Wide Formation during the exploration program at Carn Brea with a follow-up drill programme required to determine the continuity of mineralization and to define the geometry and extent of the target, subject to the availability of exploration funding (news release dated [January 10, 2023](#));
- Completion of financing for gross proceeds of £40.5 million (\$65.1 million based on closest available exchange rate), including a strategic investment by Vision Blue Resources Limited ("VBR") of £25.0 million (\$40.1 million), to advance the South Crofty tin project ("South Crofty") to a construction decision (news releases dated [March 27, 2022](#) and [May 23, 2022](#));
- Issuance of a second tranche of common shares pursuant to the restructuring of the deferred consideration relating to the acquisition of the South Crofty tin project and associated mineral rights in Cornwall (news release dated [May 29, 2022](#));
- Drill program underway at South Crofty to collect samples for metallurgical testwork as part of the South Crofty Feasibility Study, with completion of the program expected in early summer 2023 (news release dated [July 10, 2022](#));
- Key positions appointed to the South Crofty project management team, including Project Manager for the construction and commissioning of the water treatment plant ("WTP"), Feasibility Study Manager, Project Engineer, Health & Safety Officer and Human Resources Advisor, with additional employees appointed to the mining team to support greater mining related activities (news releases dated [November 7, 2022](#) and [March 5, 2023](#));
- Construction of the WTP is nearing completion including the installation of the treated water discharge duct, concrete foundation pad, tanks and clarifiers, structural steel supports and walkways, with the mechanical, electrical and instrumentation equipment being installed from April 2023;
- Commissioning of the WTP is planned for the summer of 2023 with a completion cost estimated to be between £6.5 million and £7.0 million (\$10.7 million and \$11.5 million at year end exchange rate);

- Pump and pipe handling infrastructure installed in readiness for the expected lowering of the pumps and pipes into New Cook's Kitchen in May 2023 ahead of the commissioning of the WTP;
- Work on the Feasibility Study continues with completion planned by the end of 2024; and
- Mr. Tony Trahar nominated by Vision Blue Resources as its representative on the Company's board of directors (news release dated [June 5, 2022](#))

**Richard Williams, CEO of Cornish Metals, stated,** "We are very pleased with the excellent progress achieved on the advancement of South Crofty in recent months. The construction of the water treatment plant is nearing completion and we anticipate its commissioning this summer, followed by commencement of dewatering the mine.

Similarly, good progress is being on the metallurgical drill programme with its completion anticipated in early summer. The results of this programme are feeding into the Feasibility Study which is also progressing well. All these workstreams should result in a potential construction decision being taken by the end of 2024.

After completion of the metallurgical drill programme in early summer, we are considering options for the continuation of the exploration programmes at the Wide Formation, located along the southern boundary of South Crofty Underground Permission area and only one kilometre south of the South Crofty's Tuckingmill Decline, and United Downs, located 8km east of South Crofty, to demonstrate the Mineral Resource potential of these targets.

We are continuing to actively engage with and receive strong support from the local community and Cornwall Council."

## **Review of activities**

### *Results from exploration program at United Downs*

The Company commenced its exploration program at United Downs in April 2021. The drilling activities were contracted to Priority Drilling Limited, under the supervision of the Company's geological team.

Four targets were drill-tested: UD Lode, United Mines, Mount Wellington and Trenares Lode. The key points to date arising from this drill program are:

- Multiple zones of copper – tin – silver – zinc mineralization were intersected;
- High-grade copper - tin mineralization was intersected down dip beneath the historic United Mines; and
- A transition from high-grade copper to high-grade tin at depth as well as increasing tin grades with depth has been encountered, similar to the mineralization transition seen at South Crofty.

Details of the intercepts from the drill program can be found in the press releases dated [July 5, 2021](#), [August 30, 2021](#), [November 3, 2021](#), [December 6, 2021](#), [June 29, 2022](#) and [August 23, 2022](#). In total, 26 holes were drilled at United Downs amounting to 10,159 meters, of which all assay results have been reported in these press releases. Drilling ceased at the end of May 2022, with the metallurgical study drill program at South Crofty commencing soon thereafter, as described below.

In summary, results from the United Downs exploration program confirm management's belief in the potential to develop a Mineral Resource in the United Downs project area, especially the down dip section of the United Mine where high-grade copper, tin and silver grades were encountered. The Company is considering the next steps for advancing the United Downs project.

### *Results from exploration program at Carn Brea*

Outside of the United Downs project area, a further target, Carn Brea, was also drill tested. Carn Brea is located along the southern boundary of the South Crofty underground permission area. At Carn Brea, eight holes were

drilled totaling 2,501 meters. The drill holes confirmed up-dip, near-surface, extensions of the historic Great Flat Lode and discovered tin mineralization in a new target called the 'Wide Formation', inferred to lie parallel to, north of, and beneath the Great Flat Lode. The Great Flat Lode was mined historically over a five kilometer strike length.

Management is of the view that there is merit in further exploring the Wide Formation as this discovery is immediately adjacent to the South Crofty tin project. The Company is considering the next steps for continuing the exploration program on the Wide Formation to better define its geometry (strike and dip).

#### *Construction progress of water treatment plant at South Crofty*

The Company has employed key project management personnel, including a Project Manager and Project Engineer, for construction and commissioning of the WTP.

Construction progress of the WTP at South Crofty has included various enabling works, including completion of the treated water discharge duct from the WTP and the concrete foundation pad for the WTP itself. The pipelines carrying water from the submersible pumps in New Cook's Kitchen shaft to the WTP are substantially complete.

The WTP comprises nine reaction tanks for increasing and decreasing the pH to precipitate the various metals in solution, and six inclined plate settling tanks (lamella clarifiers) to remove the precipitated solids. All the tanks and clarifiers have been installed. The structural steel supports and walkways which provide access to the WTP are currently being installed.

The mechanical, electrical and instrumentation equipment is expected to commence installation by the end of April 2023 along with reagent storage, make-up and dosing equipment, which are being supplied as complete packages from specialist manufacturers.

Sand Separation Systems Limited, an industry leader in the treatment of mine water, have supported the running of a pilot plant to optimise the water treatment process flowsheet. This workstream has resulted in a reduction in reagent consumption, an improvement to metal and suspended solids recovery and an expected reduction in operating costs.

Overall, the current cost estimate for the WTP is expected to be between £6.5 million and £7.0 million, with commissioning planned in summer 2023. Preference has been given, where feasible, to suppliers located in Cornwall.

#### *Preparation for mine dewatering at South Crofty*

The Company has recruited additional employees to its mining team in anticipation of increased mining related activities during dewatering of the mine and support for underground drilling. All mine staff are receiving enhanced training reflecting the increased level of underground activities. Two mine rescue teams have also been established as part of the mutual aid scheme operating in the south-west of the UK.

New self-contained self-rescuers have been purchased and commissioned, with a new underground refuge chamber also having been constructed and commissioned. New ventilation ducting has been installed in support of the underground drilling for the metallurgical study drill program, as noted below. WiFi connections have been installed underground to provide improved communications with surface.

The two submersible pumps for the mine dewatering purchased in 2018 are being tested ahead of their lowering into the New Cook's Kitchen shaft. Lowering of the pumps into New Cook's Kitchen shaft will commence in May 2023. Pump and pipe handling infrastructure has also been installed around the headframe in readiness for the lowering of the pumps and pipes.

A new single drum winder has been ordered with delivery expected in October 2023. This winder will enable the New Cook's Kitchen's shaft to be re-accessed once dewatering activities are underway.

#### *Metallurgical study drill program underway at South Crofty*

A drill program as part of the South Crofty Feasibility Study was started in July 2022. The drill program is anticipated to require approximately between 8,000 and 12,000 meters of drilling.

Three drill rigs have been contracted from Priority Drilling Limited, under the supervision of the Company's geological team. Two rigs are drilling from surface and one rig is drilling from underground, collecting samples from the North Pool Zone (eastern section of Mineral Resource), the No. 4 and No. 8 Lodes (central part of the Mineral Resource), Roskear and Dolcoath South (western part of the Mineral Resource). These five main lodes / mineralized zones contain the majority of the mineralized material anticipated to be processed during the first six years of mine life.

All mineralized sample material required from No. 4 Lode, No. 8 Lode, Roskear and North Pool Zone has been collected and initial metallurgical studies have commenced. All of the metallurgical studies, except for Dolcoath South, are expected to be completed by the end of 2023 for inclusion in the Feasibility Study planned for completion by the end of 2024.

The program is designed to collect samples for various metallurgical studies, including XRT ore sorting, flowsheet optimisation and paste backfill studies, as well as collecting assay data to complement the current Mineral Resource estimate. This testwork should allow acceleration of the Feasibility Study in advance of dewatering the mine and will provide key information for the mineral processing flowsheet, especially the amenability of the mineralized zones to ore sorting which, if successful, will present an opportunity to deliver higher grade feed and reduce the size of the processing plant.

#### *Preparation of Feasibility Study*

Work on the Feasibility Study has been underway since June 2022. In addition to the metallurgical testwork program noted above, the Feasibility Study continues to advance with the following activities:

- Fairport Engineering has been engaged to design the process plant and estimate capital and operating costs;
- A geotechnical site investigation for the process plant has been completed by AGS Ground Solutions;
- MiningOne has been engaged to conduct numerical modelling and ground control studies for underground mining method and stope designs; and
- Entech Mining has been engaged to provide a study on the refurbishment, re-equipping and operation of New Cook's Kitchen shaft.

It is planned that the Feasibility Study will be completed by the end of 2024.

#### *Agreement of South Crofty mineral leases*

On February 4, 2022, agreement was reached with Sir Ferrers Vyvyan of Trelowarren in Cornwall to lease certain mineral rights owned by the Vyvyan family. The mineral lease covers an area of 222 hectares and is valid for 25 years. The lease will enable the Company to explore and mine within all the mineral right areas owned by the Vyvyan family inside the South Crofty mine, and to explore certain other mineral right areas adjacent to the South Crofty mine.

In addition, on October 19, 2022, agreement was reached with Roskear Minerals LLP ("Roskear Minerals") to lease certain mineral rights located immediately adjacent to the southern boundary of the South Crofty mine. The agreement covers an area of 49 hectares which includes part of the historic Great Flat Lode and lies within the Company's Carn Brea exploration area, as noted above. The agreement is for an initial prospecting lease for five years, with the Company having the option to extend for a further five years if required. The agreement can be converted to a mining lease at any time within the ten year period. The agreement will enable the Company to explore and, if successful, mine within the lease area, subject to receipt of mining permissions for that particular area that lies outside of the current South Crofty underground permission area.

These agreements supplement the agreement reached with Roskear Minerals in March 2021 (the "Roskear Agreement") to lease their mineral rights within the South Crofty tin project. The Roskear Agreement enables the Company to explore and develop the Mineral Resources that are contained in the Roskear section of the South Crofty mine.

### *Strategic investment by Vision Blue Resources*

On May 24, 2022, a financing of £40.5 million (\$65.1 million based on the closing exchange rate as at May 24, 2022) (the "Offering") was completed, which included a £25.0 million (approximately \$40.1 million based on the closing exchange rate as at May 24, 2022) strategic investment by VBR. The balance of the Offering was completed through a private placement with certain Canadian and UK investors and eligible private investors.

A summary of the Offering is described below. Further details can be found in the press releases dated [March 27, 2022](#) and [May 23, 2022](#).

The Offering was structured through a unit offering comprising one common share at £0.18 (\$0.30 for Canadian investors) and a warrant to purchase one common share priced at £0.27 (\$0.45 for Canadian investors) for a period of 36 months from the closing date of the Offering. A total of 225,000,000 units have been issued, comprising around 44.0% of the issued share capital as at May 24, 2022, excluding the effect of the issuance of the Milestone Shares as described below. VBR held approximately 27.2% of the enlarged issued share capital upon closing of the Offering.

The planned use of the proceeds from the Offering is to complete the dewatering program and Feasibility Study at South Crofty, evaluate downstream beneficiation opportunities and commence potential on-site early works in advance of a potential construction decision. The proceeds raised under the Offering are budgeted to fund a 30 month program from closing of the Offering.

Pursuant to an Investment Agreement entered into between the Company and VBR, upon closing of the Offering, VBR retains the following rights, among others, subject to certain terms and conditions:

- For so long as its shareholding in the Company is in aggregate not less than 10% of the Company's issued share capital:
  - Nomination of one person to the Company's board of directors as a non-executive director as an additional director to the current board of directors (the "Investor Director"), with Mr. Trahar being appointed to this position on June 6, 2022, as described below;
  - Nomination of one person to the Company's technical committee to be formed from closing of the Offering, which person may be a person other than the Investor Director; and
  - A participation right to maintain its percentage ownership interest in the Company upon any offering of securities at the subscription price and similar terms as are applicable to such offering; and
- For so long as its shareholding and its affiliates' shareholdings in the Company are in aggregate not less than 5% of the Company's issued share capital, the appointment of an observer to the board of directors of the Company.

On closing of the Offering, VBR entered into a Relationship Agreement with the Company and SP Angel Corporate Finance LLP (the Company's nominated adviser on AIM), relating to the carrying on of the Company's business in an independent manner following the closing of the Offering.

The Company has undertaken to VBR to use its reasonable commercial efforts to complete a Feasibility Study in respect of South Crofty on or before 31 December 2024.

The Offering was subject to the approval of the TSX-V and shareholders, both of which were received by May 19, 2022.

### *Issuance of shares as deferred consideration payable for the Cornwall mineral properties*

On June 30, 2021, agreement was reached with Galena Special Situations Limited (formerly Galena Special Situations Master Fund Limited) and Tin Shield Production Inc. (together the "Sellers") to restructure the outstanding deferred consideration payable to the Sellers on the acquisition of the South Crofty tin project and associated mineral rights (the "Side Letter"). The fixed and variable payments that existed under the original share purchase agreement were replaced with fixed payments linked to pre-agreed project related milestones.

Pursuant to the Side Letter, 20,298,333 common shares were issued to the Sellers on May 31, 2022 (“Milestone Shares”). This payment was triggered by the Company raising funding for the dewatering of the South Crofty mine within the planned use of proceeds from the Offering, as described above.

The Milestone Shares represent consideration equivalent to an amount of US\$4,750,000 (\$6,089,500 at a US dollar / Canadian dollar exchange rate of 1.2820) at a deemed price of \$0.30 per common share. The deemed price was the same price under which Canadian investors subscribed to the Offering pursuant to the terms of the Side Letter. The value of the Milestone Shares in accordance with IFRS is \$9,844,692, being the market price of the Milestone Shares at their date of issuance.

As a result of this payment, the remaining deferred consideration payable to the Sellers is US\$5,000,000 in common shares, payable upon a decision to proceed with the development and/or construction of a mine either at the South Crofty tin project or at the United Downs property.

*Disposal of Sleitat royalty to Electric Royalties*

On May 27, 2022, the disposal of a 1% Net Smelter Royalty on the Sleitat tin-silver project located in Alaska, USA to Electric Royalties Limited was completed. The consideration was \$100,000 and 1,000,000 common shares in Electric Royalties, which in aggregate amounted to \$355,000 at the date of completion.

*Appointment of new director*

On June 6, 2022, Mr. Tony Trahar was nominated by VBR to serve as its representative on the Company’s board of directors. Mr. Trahar is currently a special adviser to VBR.

Mr. Trahar has had a 40 year career in the mining, natural resources and industrial sectors. From 2000 to 2007 he was Chief Executive of Anglo American Plc, one of the world’s largest mining groups, and was also a director of Anglo Gold, Anglo Platinum and De Beers.

From 1985 to 2000, Mr. Trahar was Chief Executive, and then Chairman of Mondi Ltd (now listed in London as Mondi Plc), a multinational forestry, pulp, paper and packaging group. Since leaving Anglo American, Mr. Trahar has also held a number of senior advisory roles for Barclays Natural Resource Investments (2007 to 2013) and Macquarie Bank (2014 to 2016).

**Financial highlights for the years ended January 31, 2023 and 2022**

	Years ended	
	January 31, 2023	January 31, 2022
<i>(Expressed in Canadian dollars)</i>		
Total operating expenses	<b>3,448,124</b>	<b>3,007,748</b>
Loss before income taxes	<b>1,202,257</b>	<b>2,911,140</b>
Loss for the year	<b>1,218,257</b>	<b>2,911,140</b>
Net cash (used in) operating activities	<b>(3,607,008)</b>	<b>(3,085,862)</b>
Net cash (used in) investing activities	<b>(10,318,376)</b>	<b>(3,988,978)</b>
Net cash provided by financing activities	<b>61,657,081</b>	<b>13,963,043</b>
Cash at end of the financial year	<b>55,495,233</b>	<b>6,922,704</b>

- Higher promotional and corporate expenses following successful fundraise cornerstoned by VBR and progression of the South Crofty tin project;
- Unrealized gain of \$752,368 arising from increased valuation of holding in Cornish Lithium (carrying value: \$2.3 million at January 31, 2023) following its most recent fundraising completed in June 2022;
- Costs of \$676,059 and \$222,236 capitalized in connection with the exploration programs at United Downs and Carn Brea, respectively (excluding capitalized depreciation and other non-cash items);
- Expenditure of \$4.0 million on the construction of the WTP, related dewatering equipment and new or replacement equipment for the mine;
- Other project related costs of \$5.6 million incurred since the closing of the Offering relating to the advancement of the South Crofty tin project to a potential construction decision, primarily for the metallurgical drill program and planning activities for the WTP;
- Gross proceeds raised from the Offering of £40.5 million (\$65.1 million), following gross proceeds raised from the AIM listing in comparative period of £8.2 million (\$14.4 million);
- Interest income of \$417,136 arising from increased interest rates being received on higher cash balance following the Offering; and
- Foreign exchange gain of \$758,216 arising from appreciation of the British pound compared to the Canadian dollar since closing of the Offering and the resulting translation impact on the cash balance.

## Outlook

As described above, the proceeds raised from the Offering completed in May 2022 are being used to advance the South Crofty tin project to a potential construction decision within 30 months from closing of the Offering (December 2024). The planned use of the proceeds from the Offering is to complete the dewatering program and Feasibility Study at South Crofty, evaluate downstream beneficiation opportunities and commence potential on-site early works in advance of a potential construction decision.

Within 30 months from the closing of the Offering, the Company's plans are as follows:

- Construct and commission the WTP by the summer of 2023 and thereafter complete the dewatering of the mine within 18 months;
- Complete drill programs for metallurgical studies and to produce an updated JORC compliant Mineral Resource estimate for a Feasibility Study;
- Complete a Feasibility Study using all reasonable commercial efforts by the end of 2024; and
- Commence basic and detailed engineering studies, construction of the processing plant, refurbishment of underground facilities and other on-site early works.

Subject to the availability of financing, consideration will also be given to continuing with the Company's exploration program at United Downs and evaluating other near-surface, high potential, exploration targets within transport distance of the planned processing plant site at South Crofty.





*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**Caution regarding forward looking statements**

*This news release contains "forward-looking statements" including, but not limited to, statements in connection with the expected use of proceeds of the Offering, including in respect of certain work programs, expected construction, including in respect of the WTP, and the potential completion of a Feasibility Study on the South Crofty mine and the timing thereof, the exploration program at United Downs and other exploration opportunities surrounding the South Crofty tin project, expected recruitment of various personnel, and expectations respecting tin pricing and other economic factors. Forward-looking statements, while based on management's best estimates and assumptions at the time such statements are made, are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to receipt of regulatory approvals, risks related to general economic and market conditions; risks related to the COVID-19 global pandemic and any variants of COVID-19 which may arise; risks related to the availability of financing when required and on terms acceptable to the Company and the potential consequences if the Company fails to obtain any such financing, such as a potential disruption of the Company's exploration program(s); the timing and content of upcoming work programs; actual results of proposed exploration activities; possible variations in Mineral Resources or grade; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; changes in national and local government regulation of mining operations, tax rules and regulations.*

*Although Cornish Metals has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cornish Metals undertakes no obligation or responsibility to update forward-looking statements, except as required by law.*

**Market Abuse Regulation (MAR) Disclosure**

*The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended.*

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JANUARY 31

(Expressed in Canadian dollars)

	2023	2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 55,495,232	\$ 6,922,704
Marketable securities	2,718,936	1,574,506
Receivables	656,407	107,230
Prepaid expenses	<u>371,977</u>	<u>231,933</u>
	59,242,552	8,836,373
<b>Deposits</b>	54,165	42,448
<b>Property, plant and equipment</b>	9,721,352	6,437,175
<b>Exploration and evaluation assets</b>	<u>33,088,129</u>	<u>20,772,029</u>
	\$ 102,106,198	\$ 36,088,025
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,494,642	\$ 613,178
Lease liability	642	4,204
Commitment to issue shares	<u>-</u>	<u>6,041,525</u>
	2,495,284	6,658,907
<b>Lease liability</b>	-	667
<b>NSR liability</b>	<u>9,149,804</u>	<u>8,717,330</u>
	11,645,088	15,376,904
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	128,377,152	56,846,350
Share subscriptions received in advance	17,500	-
Capital contribution	2,007,665	2,007,665
Share-based payment reserve	384,758	630,265
Foreign currency translation reserve	(648,962)	(174,123)
Deficit	<u>(39,677,003)</u>	<u>(38,599,036)</u>
	90,461,110	20,711,121
	\$ 102,106,198	\$ 36,088,025

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**YEARS ENDED JANUARY 31**

*(Expressed in Canadian dollars)*

	2023	2022
<b>EXPENSES</b>		
Accretion	\$ -	\$ 15,764
Advertising and promotion	515,166	372,910
Depreciation	443	25,507
Finance cost	-	3,895
Insurance	145,462	95,918
Office, miscellaneous and rent	102,540	81,533
Professional fees	744,585	1,027,481
Generative exploration costs	122,797	37,047
Regulatory and filing fees	164,798	129,633
Share-based compensation	-	80,554
Salaries, directors' fees and benefits	<u>1,652,333</u>	<u>1,137,506</u>
<b>Total operating expenses</b>	<b>(3,448,124)</b>	<b>(3,007,748)</b>
Interest income	417,136	1,099
Foreign exchange gain (loss)	758,216	(346,883)
Gain on the disposal of royalty	318,147	-
Unrealized gain on marketable securities	752,368	445,703
Realized loss on marketable securities	-	(237)
Loss on the disposal of property, plant and equipment	<u>-</u>	<u>(3,074)</u>
<b>Loss before income taxes</b>	<b>(1,202,257)</b>	<b>(2,911,140)</b>
Income tax expense	<u>(16,000)</u>	<u>-</u>
<b>Loss for the year</b>	<b>(1,218,257)</b>	<b>(2,911,140)</b>
Foreign currency translation	<u>(474,839)</u>	<u>(413,151)</u>
<b>Total comprehensive loss for the year</b>	<b>\$ (1,693,096)</b>	<b>\$ (3,324,291)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding:</b>	<b>456,262,207</b>	<b>267,601,284</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JANUARY 31**

*(Expressed in Canadian dollars)*

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (1,218,257)	\$ (2,911,140)
Items not involving cash:		
Accretion	-	15,764
Depreciation	443	25,507
Share-based compensation	-	80,554
Finance cost	-	3,895
Gain on the disposal of royalty	(318,147)	-
Unrealized gain on marketable securities	(752,368)	(445,703)
Realized loss on marketable securities	-	237
Loss on the disposal of property, plant and equipment	-	3,074
Foreign exchange gain (loss)	(758,217)	346,883
Income tax expense	16,000	-
Changes in non-cash working capital items:		
Increase in receivables	(549,177)	(83,586)
Increase in prepaid expenses	(96,025)	(137,354)
Increase in accounts payable and accrued liabilities	<u>68,740</u>	<u>16,007</u>
Net cash used in operating activities	<u>(3,607,008)</u>	<u>(3,085,862)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(2,729,942)	(303,071)
Acquisition of exploration and evaluation assets	(7,576,717)	(3,683,498)
Proceeds from the sale of marketable securities, net	-	3,063
Increase in deposits	<u>(11,717)</u>	<u>(5,472)</u>
Net cash used in investing activities	<u>(10,318,376)</u>	<u>(3,988,978)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from AIM listing	-	14,244,206
Proceeds from the Offering	65,135,746	-
Proceeds from option and warrant exercises	411,222	1,135,500
Proceeds from the warrant exercises received in advance of share issue	17,500	-
Share issue costs	(3,966,075)	(1,162,613)
Proceeds from the disposal of royalty	63,147	-
Conversion of Royalty Option costs	-	(226,290)
Lease payments	<u>(4,459)</u>	<u>(27,760)</u>
Net cash provided by financing activities	<u>61,657,081</u>	<u>13,963,043</u>
<b>Impact of foreign exchange on cash</b>	<u>840,832</u>	<u>(319,100)</u>
<b>Change in cash during the year</b>	48,572,529	6,569,103
<b>Cash, beginning of the year</b>	<u>6,922,704</u>	<u>353,601</u>
<b>Cash, end of the year</b>	<u>\$ 55,495,233</u>	<u>\$ 6,922,704</u>
<b>Cash paid during the year for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the year for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**YEARS ENDED JANUARY 31**

*(Expressed in Canadian dollars)*

	Number of shares	Capital stock	Share subscriptions received in advance	Capital contribution	Share-based payment reserve	Foreign currency translation reserve	Deficit	Total
Balance at January 31, 2021	149,918,585	\$ 40,737,065	\$ 189,902	\$ 2,007,665	\$ 846,212	\$ 239,028	\$ (35,687,896)	\$ 8,331,976
Foreign currency translation	-	-	-	-	-	(413,151)	-	(413,151)
Share issuance pursuant to AIM listing	117,226,572	14,434,108	(189,902)	-	-	-	-	14,244,206
Shares issued pursuant to property option agreement	7,000,000	1,750,000	-	-	-	-	-	1,750,000
Share issue costs	-	(1,506,824)	-	-	-	-	-	(1,506,824)
Warrant exercises	9,125,000	725,750	-	-	-	-	-	725,750
Option exercises	2,580,000	706,251	-	-	(296,501)	-	-	409,750
Share-based compensation	-	-	-	-	80,554	-	-	80,554
Loss for the year	-	-	-	-	-	-	(2,911,140)	(2,911,140)
<b>Balance at January 31, 2022</b>	<b>285,850,157</b>	<b>\$ 56,846,350</b>	<b>\$ -</b>	<b>\$ 2,007,665</b>	<b>\$ 630,265</b>	<b>\$ (174,123)</b>	<b>\$ (38,599,036)</b>	<b>\$ 20,711,121</b>
Foreign currency translation	-	-	-	-	-	(474,839)	-	(474,839)
Share issuance pursuant to the Offering	225,000,000	65,135,746	-	-	-	-	-	65,135,746
Shares issued pursuant to property option agreement	20,298,333	9,844,692	-	-	-	-	-	9,844,692
Share issue costs	-	(3,966,075)	-	-	-	-	-	(3,966,075)
Warrant exercises	3,272,222	291,222	-	-	-	-	-	291,222
Option exercises	600,000	225,217	-	-	(105,217)	-	-	120,000
Expiry of options	-	-	-	-	(140,290)	-	140,290	-
Warrant exercises received in advance	-	-	17,500	-	-	-	-	17,500
Loss for the year	-	-	-	-	-	-	(1,218,257)	(1,218,257)
<b>Balance at January 31, 2023</b>	<b>535,020,712</b>	<b>\$128,377,152</b>	<b>\$ 17,500</b>	<b>\$ 2,007,665</b>	<b>\$ 384,758</b>	<b>\$ (648,962)</b>	<b>\$ (39,677,003)</b>	<b>\$ 90,461,110</b>