

BENCHMARK METALS INC.

Consolidated Condensed Interim Financial Statements

For the three and nine months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

To the shareholders of Benchmark Metals Inc:

The consolidated condensed interim financial statements of Benchmark Metals Inc. (the “Company”) for the three and nine months ended November 30, 2022 and 2021 have been compiled by management.

No audit or review of this information has been performed by the Company’s auditors

BENCHMARK METALS INC.

Consolidated Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(unaudited)

| | November 30, 2022 | February 28, 2022 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 17,322,924 | \$ 31,484,044 |
| Short-term investment | 10,000 | 10,000 |
| Goods and services tax credit receivable | 152,981 | 591,985 |
| Mineral exploration tax credit receivable | 9,055,044 | 9,055,044 |
| Other receivable | 2,552,790 | 960,448 |
| Prepaid expenses and deposits | 551,821 | 497,692 |
| | <u>29,645,560</u> | <u>42,599,213</u> |
| Equipment (note 6) | 868,497 | 501,692 |
| Exploration and evaluation assets (note 4) | 98,088,090 | 76,416,066 |
| Reclamation bonds (note 10) | 1,388,457 | 836,121 |
| Right-of-use asset (note 8) | 143,306 | 204,723 |
| | <u>\$ 130,133,910</u> | <u>\$ 120,557,815</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 1,051,403 | \$ 8,132,104 |
| Deferred flow-through liability (note 9) | 1,875,983 | 3,388,176 |
| Current portion of lease liability (note 8) | 90,941 | 83,483 |
| | <u>3,018,327</u> | <u>11,603,763</u> |
| Asset retirement obligation (note 10) | 803,622 | 600,996 |
| Deferred taxes | 12,712,924 | 8,182,806 |
| Long-term portion of lease liability (note 8) | 44,417 | 100,662 |
| | <u>16,579,290</u> | <u>20,488,227</u> |
| EQUITY | | |
| Share capital (note 4) | 127,221,190 | 110,660,512 |
| Option and warrant reserves (note 4) | 15,714,705 | 15,082,225 |
| Deficit | (29,381,275) | (25,673,149) |
| | <u>113,554,620</u> | <u>100,069,588</u> |
| | <u>\$ 130,133,910</u> | <u>\$ 120,557,815</u> |

Subsequent events (note 12)

Authorized for issuance on behalf of the Board on January 30, 2023

Director (signed by) "Jim Greig"Director (signed by) "John Williamson"*The accompanying notes form an integral part of these consolidated condensed interim financial statements.*

BENCHMARK METALS INC.

Consolidated Condensed Interim Statements of Comprehensive Loss

Expressed in Canadian Dollars

(unaudited)

| For the | three months ended November 30 | | nine months ended November 30 | |
|---|--------------------------------|---------------------|-------------------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Expenses | | | | |
| Exploration expenses | \$ 384 | \$ 480 | \$ 384 | \$ 12,549 |
| Marketing and investor relations expenses | 295,991 | 185,047 | 2,046,659 | 1,394,232 |
| Management and consulting fees | 125,961 | 103,161 | 337,565 | 609,725 |
| Office and administration | 104,387 | 76,199 | 332,496 | 194,756 |
| Professional fees | 73,816 | 20,791 | 140,614 | 118,869 |
| Regulatory and filing fees | 47,668 | 42,615 | 60,776 | 77,956 |
| Share-based compensation (note 4) | 300,000 | 30,891 | 314,769 | 4,376,943 |
| | (948,207) | (459,184) | (3,233,263) | (6,785,030) |
| Other | | | | |
| Interest income | 136,393 | 23,814 | 255,278 | 108,537 |
| Settlement of flow-through liability | 411,801 | - | 3,799,977 | 2,144,711 |
| Net income (loss) before taxes | (400,013) | (435,370) | 821,992 | (4,531,782) |
| Deferred income tax expense | (1,197,568) | - | (4,530,118) | - |
| Net loss and comprehensive loss | \$ (1,597,581) | \$ (435,370) | \$ (3,708,126) | \$ (4,531,782) |
| Basic and diluted loss per common share | \$ (0.01) | \$ (0.00) | \$ (0.02) | \$ (0.03) |
| Basic and diluted weighted average number of common shares outstanding | 237,817,503 | 166,719,665 | 217,135,236 | 161,726,429 |

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

BENCHMARK METALS INC.

Consolidated Condensed Interim Statements of Changes in Equity

For the nine months November 30, 2022 and 2021

Expressed in Canadian Dollars

(unaudited)

| | Number of shares | Share capital | Option and Warrant reserve | Deficit | Total equity |
|-------------------------------------|---------------------|-----------------------|----------------------------------|------------------------|-----------------------|
| Balance at February 28, 2021 | 158,185,061 | \$ 73,099,561 | \$ 5,556,637 | \$ (13,321,807) | \$ 65,334,391 |
| Shares issued for cash | 10,332,199 | 4,385,004 | (414,812) | - | 3,970,192 |
| Share issuance costs | - | (3,448) | - | - | (3,448) |
| Share based payments | - | - | 4,376,943 | - | 4,376,943 |
| Comprehensive loss | - | - | - | (4,531,782) | (4,531,782) |
| Balance at November 30, 2021 | 168,517,260 | \$ 77,481,117 | \$ 9,518,768 | \$ (17,853,589) | \$ 69,146,296 |
| Shares issued for cash | 38,356,094 | 42,758,381 | (2,868) | - | 42,755,513 |
| Flow-through premium liability | - | (5,915,760) | - | - | (5,915,760) |
| Share issuance costs | - | (2,660,583) | - | - | (2,660,583) |
| Finders warrants issued | - | (1,002,643) | 1,002,643 | - | - |
| Share based payments | - | - | 4,563,682 | - | 4,563,682 |
| Comprehensive loss | - | - | - | (7,819,560) | (7,819,560) |
| Balance at February 28, 2022 | 206,873,354 | \$ 110,660,512 | \$ 15,082,225 | \$ (25,673,149) | \$ 100,069,588 |
| Shares issued for cash | 46,379,300 | 20,660,864 | (18,000) | - | 20,642,864 |
| Flow-through premium liability | - | (2,287,784) | - | - | (2,287,784) |
| Share issuance costs | - | (1,476,691) | - | - | (1,476,691) |
| Finders warrants issued | - | (335,711) | 335,711 | - | - |
| Share based payments | - | - | 314,769 | - | 314,769 |
| Comprehensive loss | - | - | - | (3,708,126) | (3,708,126) |
| Balance at November 30, 2022 | 253,252,654 | \$ 127,221,190 | \$ 15,714,705 | \$ (29,381,275) | \$ 113,554,620 |

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

BENCHMARK METALS INC.
Consolidated Condensed Interim Statements of Cash Flows
Expressed in Canadian Dollars

(unaudited)

| For the nine months ended | November 30, 2022 | November 30, 2021 |
|--|----------------------|----------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Net income (loss) for the period | \$ (3,708,126) | \$ (4,531,782) |
| Items not effecting cash: | | |
| Deferred taxes | 4,530,118 | - |
| Share-based payments (notes 4) | 314,769 | 4,376,943 |
| Settlement of deferred flow-through liability | (3,799,977) | (2,144,711) |
| | (2,663,216) | (2,299,550) |
| Changes in non-cash working capital: | | |
| Amounts receivable | (1,592,195) | (175,000) |
| Goods and services tax receivable | 438,856 | (1,196,828) |
| Mineral exploration tax credit receivable | - | (6,146,482) |
| Prepaid expenses and deposits | 234,484 | (235,897) |
| Accounts payable and accrued liabilities | (7,356,686) | 4,554,347 |
| Cash used in operating activities | (10,938,757) | (5,499,410) |
| Investing activities | | |
| Purchase of reclamation deposit | (552,336) | (564,039) |
| Purchase of equipment | (403,210) | (208,200) |
| Exploration and evaluation assets expenditures | (21,432,990) | (25,010,509) |
| Cash used in investing activities | (22,388,536) | (25,782,748) |
| Financing activities | | |
| Proceeds from private placement | 20,622,864 | - |
| Proceeds from exercise of options | 20,000 | 128,499 |
| Proceeds from exercise of warrants | - | 3,841,692 |
| Share issuance costs | (1,476,691) | (3,448) |
| Cash provided by financing activities | 19,166,173 | 3,966,743 |
| Net decrease in cash | (14,161,120) | (27,135,415) |
| Cash – beginning of period | 31,484,044 | 34,121,748 |
| Cash – end of period | \$ 17,322,924 | \$ 6,806,333 |

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

BENCHMARK METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

1. Nature of operations

Benchmark Metals Inc. ("Benchmark" or the "Company") was incorporated under the British Columbia Business Corporations Act on November 9, 2010 and has its shares listed for trading on the TSX Venture Exchange under the symbol "BNCH". The Company's head office is located at 10545 – 45 Avenue NW, 250 Southridge NW, Suite 300, Edmonton, AB, Canada T6H 4M9. The principal business of the Company is the identification, acquisition, exploration and evaluation of mineral properties, as well as exploration of mineral properties once acquired.

The COVID-19 pandemic has caused significant and negative impact to the global financial markets. The Company's exploration activities in Canada have not been significantly affected by the pandemic to date. If the Company becomes unable to conduct future exploration activities over the long-term in the future, this may result in a potential material impairment of exploration and evaluation assets. The Company continues to monitor and assess the impact of COVID-19 on its business activities. Currently the potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

2. Basis of presentation

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Company on January 30, 2023.

These consolidated condensed interim financial statements include the accounts of the Company, and its wholly owned subsidiary PPM Phoenix Precious Metals Corp. All intercompany transactions and balances have been eliminated from the date of acquisition of control.

| Name of Subsidiary | Proportion of Ownership Interest | Principal Activity |
|-----------------------------------|----------------------------------|------------------------------|
| PPM Phoenix Precious Metals Corp. | 100% | Holds mineral interest in BC |

On September 18, 2019, the Company acquired a 100% ownership interest of PPM Phoenix Precious Metals Corp. ("PPM").

These consolidated financial statements are presented in Canadian Dollars, and the use of the symbol "\$" herein is in reference to Canadian Dollars. Disclosures for amounts denominated in currencies other than Canadian Dollars use the International Standards Organization 3-letter symbol for such foreign currency.

3. Exploration and evaluation assets

Lawyers Property in British Columbia, Canada

In March 2018, the Company signed a Letter of Intent ("LOI") with Phoenix Precious Metals Corp. to purchase up to a 75% interest in the Lawyer's project in BC. The Company completed a number of conditions in order to exercise the first option under the LOI. During 2020, the Company decided that it would be more beneficial to acquire PPM, the holder of the 100% interest in the Lawyers property, than complying with the agreement and earning the interest over several years.

BENCHMARK METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

Total costs incurred on the Lawyers Property are summarized as follows:

| | Acquisition | Exploration | Total |
|-----------------------------------|---------------------|----------------------|----------------------|
| Balance, February 28, 2021 | \$ 5,552,828 | \$ 30,028,439 | \$ 35,581,267 |
| Fieldwork | - | 3,638,863 | 3,638,863 |
| Geology | - | 343,227 | 343,227 |
| Drilling | - | 18,021,240 | 18,021,240 |
| Engineering | - | 1,720,895 | 1,720,895 |
| Environmental | - | 1,205,290 | 1,205,290 |
| Assay | - | 1,923,576 | 1,923,576 |
| Amortization | - | 38,434 | 38,434 |
| Permits | - | 45,631 | 45,631 |
| Travel and support | - | 2,229,489 | 2,229,489 |
| Community relations | - | 790,041 | 790,041 |
| Road maintenance | - | 1,083,231 | 1,083,231 |
| Reclamation | - | 564,039 | 564,039 |
| Management fees | - | 145,500 | 145,500 |
| Mineral exploration tax credit | - | (6,146,482) | (6,146,482) |
| Balance, November 30, 2021 | \$ 5,552,828 | \$ 55,631,413 | \$ 61,184,241 |

| | Acquisition | Exploration | Total |
|-----------------------------------|---------------------|----------------------|----------------------|
| Balance, February 28, 2022 | 5,552,828 | 70,863,238 | 76,416,066 |
| Fieldwork | - | 3,795,561 | 3,795,561 |
| Geology | - | 304,282 | 304,282 |
| Drilling | - | 7,930,056 | 7,930,056 |
| Engineering | - | 2,499,346 | 2,499,346 |
| Environmental | - | 2,791,344 | 2,791,344 |
| Assay | - | 995,193 | 995,193 |
| Amortization | - | 36,405 | 36,405 |
| Permits | - | 6,559 | 6,559 |
| Travel and support | - | 272,389 | 272,389 |
| Community relations | - | 509,144 | 509,144 |
| Road construction and maintenance | - | 2,171,617 | 2,171,617 |
| Reclamation | - | 202,626 | 198,333 |
| Management fees | - | 157,500 | 157,500 |
| Balance, November 30, 2022 | \$ 5,552,828 | \$ 92,535,260 | \$ 98,088,088 |

4. Share capital

a) Common shares

The Company's articles authorize an unlimited number of Class "A" common shares without par value.

A summary of changes in common share capital in the period is as follows:

| | Number of shares | Amount |
|--|---------------------|-----------------------|
| Balance, February 28, 2022 | 206,873,354 | \$ 110,660,512 |
| Shares issued in private placement | 46,279,300 | 20,622,864 |
| Share issuance costs | - | (1,476,691) |
| Finders warrants issued | - | (335,711) |
| Flow-through premium liability | - | (2,287,784) |
| Shares issued upon the exercise of options | 100,000 | 38,000 |
| Balance, November 30, 2022 | 253,252,654 | \$ 127,221,190 |

On October 14, 2022, the Company completed a private placement of 26,520,000 units at \$0.42, 19,759,300 flow-through units at \$0.48, for gross proceeds of \$20,622,864. Each Unit consists of one common share of the Company and one-half of a transferable warrant of the Company. Each warrant is exercisable to purchase one additional share at an exercise price of \$0.65 per share for a two-year period. The Company paid a cash commission of \$1,237,372 and issued non-transferable agent warrants of the Company exercisable to purchase up to 2,776,758 Shares at \$0.42 per share.

b) Warrants

A summary of share purchase warrant activity in the period is as follows:

| | Number of warrants | Weighted average exercise price |
|-----------------------------------|-----------------------|------------------------------------|
| Balance, February 28, 2022 | 37,669,362 | \$ 1.62 |
| Issued | 25,916,408 | 0.63 |
| Expired | (19,373,202) | 1.75 |
| Balance, November 30, 2022 | 44,212,568 | \$ 0.98 |

As part of the October 14, 2022 private placement, the Company issued 23,139,650 warrants and 2,776,758 finders' warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.65 until September 29, 2024 and October 14, 2024. Each finders' warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.42 until September 29, 2024 and October 14, 2024.

BENCHMARK METALS INC.

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For the nine months ended November 30, 2022 and 2021

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A summary of the warrants outstanding and exercisable is as follows:

| November 30, 2022 | | | February 28, 2022 | | |
|-------------------|--------------------|------------------------------------|-------------------|--------------------|------------------------------------|
| Exercise Price | Number of warrants | Remaining contractual life (years) | Exercise Price | Number of warrants | Remaining contractual life (years) |
| \$ - | - | - | \$ 1.30 | 2,024,638 | 0.6 |
| - | - | - | 1.80 | 17,348,564 | 0.6 |
| 1.55 | 16,068,000 | 1.0 | 1.55 | 16,068,000 | 1.8 |
| 1.00 | 1,928,160 | 1.0 | 1.00 | 1,928,160 | 1.8 |
| 1.30 | 300,000 | 1.6 | 1.30 | 300,000 | 2.4 |
| 0.65 | 21,056,350 | 1.8 | - | - | - |
| 0.42 | 2,526,762 | 1.8 | - | - | - |
| 0.65 | 2,083,300 | 1.9 | - | - | - |
| 0.42 | 249,996 | 1.9 | - | - | - |
| \$ 0.98 | 44,212,568 | 1.5 | \$ 1.62 | 37,669,362 | 1.2 |

c) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. All options vest when granted unless otherwise specified by the Board of Directors.

A summary of stock option activity in the period is as follows:

| | Number of options | Weighted average exercise price |
|---|-------------------|---------------------------------|
| Outstanding options, February 28, 2022 | 20,630,500 | \$ 0.81 |
| Issued | 1,050,000 | 0.45 |
| Exercised | (100,000) | 0.20 |
| Outstanding options, November 30, 2022 | 21,580,500 | \$ 0.79 |

On May 3, 2021, the Company granted incentive stock options, for the option to purchase up to 250,000 common shares. The options are exercisable at a price of \$1.50 per common share, for a period of two years. The estimated fair value of these options of \$160,000, or \$0.64 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.47; expected life, 2 years; expected volatility, 83%; risk-free rate 0.30%; expected dividends, 0%.

BENCHMARK METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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Expressed in Canadian Dollars

On June 21, 2021, the Company granted incentive stock options, for the option to purchase up to 4,630,000 common shares. The options are exercisable at a price of \$1.15 per common share, for a period of five years. The estimated fair value of these options of \$4,167,000, or \$0.90 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.08; expected life, 5 years; expected volatility, 125%; risk-free rate 0.97%; expected dividends, 0%.

On April 14, 2022, the Company granted incentive stock options, for the option to purchase up to 50,000 common shares. The options are exercisable at a price of \$1.10 per common share, for a period of one year. The estimated fair value of these options of \$9,500, or \$0.19 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$1.00; expected life, 1 year; expected volatility, 54.97%; risk-free rate 2.16%; expected dividends, 0%.

On October 21, 2022, the Company granted incentive stock options, for the option to purchase up to 1,000,000 common shares. The options are exercisable at a price of \$0.42 per common share, for a period of five years. The estimated fair value of these options of \$300,000, or \$0.30 per option, has been recorded as share-based payment expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.41; expected life, 5 years; expected volatility, 92.97%; risk-free rate 3.76%; expected dividends, 0%.

For the nine months ended November 30, 2022, the Company recognized share-based payment expense of \$14,769 (2021 - \$18,833) for options granted and vested in prior periods.

A summary of the options outstanding is as follows:

| November 30, 2022 | | | | February 28, 2022 | | |
|-------------------|-------------------|------------------------------------|--|-------------------|-------------------|------------------------------------|
| Exercise Price | Number of options | Remaining contractual life (years) | | Exercise Price | Number of options | Remaining contractual life (years) |
| \$ 0.30 | 703,000 | 0.3 | | \$ 0.30 | 703,000 | 1.0 |
| 0.16 | 600,000 | 0.6 | | 0.16 | 600,000 | 1.4 |
| 0.20 | 438,000 | 1.0 | | 0.20 | 538,000 | 1.8 |
| 0.30 | 100,000 | 1.6 | | 0.30 | 100,000 | 2.4 |
| 0.30 | 6,215,000 | 2.4 | | 0.30 | 6,215,000 | 3.1 |
| 1.30 | 1,200,000 | 3.2 | | 1.30 | 1,200,000 | 3.9 |
| 1.50 | 250,000 | 0.4 | | 1.50 | 250,000 | 1.2 |
| 1.15 | 4,630,000 | 3.6 | | 1.15 | 4,630,000 | 4.3 |
| 1.30 | 69,500 | 0.8 | | 1.30 | 69,500 | 1.6 |
| 1.10 | 6,325,000 | 4.2 | | 1.10 | 6,325,000 | 4.9 |
| 1.10 | 50,000 | 0.4 | | - | - | - |
| 0.42 | 1,000,000 | 4.9 | | - | - | - |
| \$ 0.79 | 21,580,500 | 3.1 | | \$ 0.81 | 20,630,500 | 3.8 |

5. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market Risk

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

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian dollars. Management has assessed that the Company's current exposure to currency risk as low, but acknowledges this may change in the future.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be minimal.

BENCHMARK METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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Expressed in Canadian Dollars

Commodity price risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit risk at November 30, 2022 is equal to the total of the carrying values of cash, short-term investment and other receivable. The Company has assessed its exposure to credit risk on its cash and short-term investment and has determined that such risk is minimal. All of the Company's cash and its short-term investment are held with a financial institution in Canada. The Company has assessed its exposure to credit risk on its other receivable and has determined that such risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To achieve this objective, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at November 30, 2022, all of the Company's account payable and accrued liabilities of \$1,051,403 and \$90,941 of lease liabilities are due within one year and \$44,417 of lease liabilities are due between 1 and 2 years.

Determination of fair value

The statement of financial position carrying amounts for other receivable and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Financial assets and liabilities measured at fair value are grouped into three Levels or a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: unobservable inputs for the asset or liability.

BENCHMARK METALS INC.**Notes to the Consolidated Condensed Interim Financial Statements**

For the nine months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at November 30, 2022:

| Asset: | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------------|---------|---------|---------------|
| Cash | \$ 17,322,924 | - | - | \$ 17,322,924 |
| Short-term investment | \$ 10,000 | - | - | \$ 10,000 |

As at February 28, 2022:

| Asset: | Level 1 | Level 2 | Level 3 | Total |
|-----------------------|---------------|---------|---------|---------------|
| Cash | \$ 31,484,044 | - | - | \$ 31,484,044 |
| Short-term investment | \$ 10,000 | - | - | \$ 10,000 |

6. Equipment

| | Camp equipment |
|-----------------------------------|---------------------------|
| Balance, February 28, 2022 | \$ 501,692 |
| Additions | 403,210 |
| Depreciation | <u>(36,405)</u> |
| Balance, November 30, 2022 | <u>\$ 868,497</u> |

During the nine months ended November 30, 2022, the Company capitalized \$36,405 (2021 - \$38,433) in depreciation to mineral properties.

7. Related party transactions and balances

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the nine months ended

| | November 30, 2022 | November 30, 2021 |
|--|--------------------------|----------------------------|
| Management fees paid to companies controlled by directors and officers | \$ 307,500 | \$ 601,500 |
| Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets | 157,500 | 145,500 |
| Director fees | 18,000 | - |
| Share-based payments | 300,000 | 2,475,000 |
| | <u>\$ 783,000</u> | <u>\$ 3,222,000</u> |

BENCHMARK METALS INC.**Notes to the Consolidated Condensed Interim Financial Statements**

For the nine months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

Key management compensation

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel is summarized below:

For the nine months ended

Short term benefits
Share-based payments

| November 30, 2022 | November 30, 2021 |
|--------------------------|--------------------------|
| \$ 483,000 | \$ 747,000 |
| 300,000 | 2,475,000 |
| \$ 783,000 | \$ 3,222,000 |

At November 30, 2022, accounts payable and accrued liabilities include \$19,490 (February 28, 2022 - \$57,156) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

During the nine-months ended November 30, 2022, the Company issued 1,000,000 options exercisable at \$0.42 to directors of the Company.

8. Right-of-use asset and lease liability

As at November 30, 2022 the Company was lessee to a premises lease. The incremental rate of borrowing for this lease was estimated by management to be 10% per annum.

(a) Right-of-Use Assets

The right-of-use assets are recorded as follows:

| | 2022 |
|----------------------------|-------------------|
| As at February 28, 2022 | \$ 204,723 |
| Recognized during the year | - |
| Depreciation | (61,417) |
| As at November 30, 2022 | \$ 143,306 |

(b) Lease Liabilities

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

| | 2022 |
|---|------------------|
| Undiscounted minimum lease payments: | |
| Less than one year | \$ 95,027 |
| Two years | 54,648 |
| | 149,675 |
| Effect of discounting | (14,317) |
| Present value of minimum lease payments | 135,358 |
| Less current portion | (90,941) |
| Long-term portion | \$ 44,417 |

(c) Lease Liability Continuity

The lease liability continuity is as follows:

| | | 2022 |
|-------------------------|----|----------|
| As at February 28, 2022 | \$ | 184,145 |
| Principal repayments | | (48,787) |
| As at November 30, 2022 | | 135,358 |

9. Deferred flow-through liability

During the year ended February 28, 2022, the Company issued 20,136,000 flow-through shares for gross proceeds of \$28,266,720 and recognized a deferred flow-through liability of \$5,915,760, non-cash, which is the difference between the fair market value of the underlying common shares and the amount the investor paid for the flow-through units. During the year ended February 28, 2022, the Company spent 42.7% of the flow-through proceeds and recognized a partial settlement of the same percentage of the related deferred flow-through liability as other income. As at November 30, 2022, the Company had satisfied the remaining 57.3% of flow-through spending obligation. Therefore, the remaining \$3,388,176 of the deferred flow-through liability was settled and recognized in other income.

During the nine months ended November 30, 2022, the Company issued 19,759,300 flow-through shares for gross proceeds of \$9,484,464 and recognized a deferred flow-through liability of \$2,287,784, non-cash, which is the difference between the fair market value of the underlying common shares and the amount the investor paid for the flow-through units. As at November 30, 2022, the Company had satisfied 18% of the required flow-through eligible exploration expenditures. Therefore, \$411,801 (18%) was settled and recognized as other income, leaving a balance of \$1,875,983 in deferred flow-through liability.

10. Asset retirement obligation

As at November 30, 2022, the Company recognized an asset retirement obligation in the amount of \$803,622 (February 28, 2022 - \$600,996) in connection with its Lawyers Property (note 3). In order to obtain a mineral exploration permit, the Company was required to place a total of \$1,388,457 in reclamation bonds with the Ministry of Energy, Mines and Petroleum Resources of the Province of British Columbia and the Company records additions to its asset retirement for work completed under the permit. The Company is not yet certain about the timing of reclamation activities. Thus, the amount of \$799,329 has not been discounted.

11. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and development of various businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at November 30, 2022, the Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash on hand.