



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED
APRIL 30, 2023 and 2022**

(Expressed in Canadian Dollars, unless otherwise stated)

**Notice of No Auditor Review of
Condensed Consolidated Interim Financial Statements**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

Blackwolf Copper and Gold Ltd

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Notes	April 30 2023	October 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 6,791,460	\$ 605,526
Amounts receivable and prepaid expenses	3	409,696	430,634
Total current assets		7,201,156	1,036,160
Equipment	4	750,094	805,971
Restricted cash		1,004,310	1,011,948
Mineral properties	5	1	1
Total Assets		\$ 8,955,561	\$ 2,854,080
LIABILITIES			
Current Liabilities			
Trade and other payables		\$ 1,233,674	\$ 1,437,402
Payables to related parties		\$ 64,263	\$ 49,724
Liability on flow through issuance	7(a)	416,667	-
Total current liabilities		1,714,604	1,487,126
Provision for rehabilitation obligation		1,718,055	1,731,119
Total liabilities		3,432,659	3,218,245
EQUITY (DEFICIENCY)			
Share capital	7(a)	93,163,907	86,344,204
Reserves		7,789,313	7,231,187
Accumulated deficit		(95,398,417)	(93,898,641)
Accumulated other comprehensive income/(loss)		(31,901)	(40,915)
Total Equity/(Deficiency)		5,522,902	(364,165)
Total Equity and Liabilities		\$ 8,955,561	\$ 2,854,080

Continuance of operations and going concern (Note 1)

Subsequent Event (Note 9)

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

The condensed consolidated financial statements are signed on the Company's behalf by:

/s/ Jessica Van Den Akker

/s/ Robert McLeod

Jessica Van Den Akker
Director

Robert McLeod
Director

Blackwolf Copper and Gold Ltd

Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months ended April 30		Six Months ended April 30	
		2023	2022	2023	2022
Expenses					
Exploration and evaluation expenses	4	\$ 224,355	\$ 735,675	\$ 548,210	\$ 1,415,395
Management fees, director fees, wages and benefits	6	151,863	255,744	321,944	550,677
Office and other		53,441	106,196	104,469	181,333
Professional services		158,612	32,659	192,138	124,849
Regulatory		18,779	15,280	20,430	27,912
Marketing and investor relations		103,171	23,998	205,834	147,377
Travel		14,913	23,556	32,520	29,506
Share-based compensation	7(e)	29,366	103,955	83,997	167,209
		754,500	1,297,063	1,509,542	2,644,258
Other income/expenses					
Foreign exchange loss (gain)		198	(837)	41	3,344
Finance income		(4,260)	(3,290)	(9,807)	(5,008)
Loss on sale of equipment		-	-	-	-
Derecognition of plant and equipment		-	-	-	-
Net Loss		750,438	1,292,936	1,499,776	2,642,594
Other comprehensive loss/(income)					
Foreign currency translation adjustment		14,599	(144)	(9,014)	14,463
Comprehensive loss		\$ 765,037	\$ 1,292,792	\$ 1,490,762	\$ 2,657,057
Basic and diluted loss per common share		\$ 0.01	\$ 0.04	\$ 0.03	\$ 0.08
Weighted average number of common shares outstanding		51,415,761	33,138,678	45,414,354	32,370,716

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

Blackwolf Copper and Gold Ltd
Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Notes	For the Six Months Ended April 30,	
		2023	2022
Operating activities			
Loss for the period		\$ (1,499,776)	\$ (2,642,594)
<u>Non-cash or non operating items:</u>			
Depreciation		49,855	46,242
Stock based compensation		83,997	167,209
<u>Changes in non-cash working capital items:</u>			
Amounts receivable and prepaid expenses		17,731	4,781
Trade and other payables		(190,911)	(220,486)
Payables to related parties		14,539	28,958
Net cash used in operating activities		(1,524,565)	(2,615,890)
Investing activities			
Purchase of plant and equipment		-	(3,006)
Net cash used in investing activities		-	(3,006)
Financing activities			
Proceeds from private placement financing		8,500,000	2,852,251
Share issue costs		(789,501)	(69,286)
Net cash from financing activities		7,710,499	2,782,965
Net decrease in cash and cash equivalents		6,185,934	164,069
Cash and cash equivalents - beginning balance		605,526	389,986
Cash and cash equivalents - ending balance		\$ 6,791,460	\$ 554,055

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

BLACKWOLF COPPER AND GOLD LTD

Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars except for share information)

	Share capital			Reserves	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total equity (deficiency)
	Number of common shares	Amount					
Balance at November 1, 2021	29,074,034	\$ 81,465,101	\$ 6,339,673	\$ (87,896,569)	\$ 11,492	\$ (80,303)	
Shares issued pursuant to private placement	4,074,644	\$ 2,852,251		-	-	2,852,251	
Share issuance costs		(85,518)	16,232	-	-	(69,286)	
Share based compensation	-	-	167,209	-	-	167,209	
Net loss	-	-	-	(2,642,594)	-	(2,642,594)	
Other comprehensive income	-	-	-	-	(14,463)	(14,463)	
Balance at April 30, 2022	33,148,678	\$ 84,231,834	\$ 6,523,114	\$ (90,539,163)	\$ (2,971)	\$ 212,814	
Balance at November 1, 2022	39,608,645	\$ 86,344,204	\$ 7,231,187	\$ (93,898,641)	\$ (40,915)	\$ (364,165)	
Shares issued pursuant to private placement	40,416,666	8,500,000	-	-	-	8,500,000	
Share issuance costs		(1,263,630)	474,129	-	-	(789,501)	
Flow through premium		(416,667)				(416,667)	
Share based compensation	-	-	83,997	-	-	83,997	
Net loss	-	-	-	(1,499,776)	-	(1,499,776)	
Other comprehensive income	-	-	-	-	9,014	9,014	
Balance at April 30, 2023	80,025,311	\$ 93,163,907	\$ 7,789,313	\$ (95,398,417)	\$ (31,901)	\$ 5,522,902	

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

1. NATURE AND CONTINUANCE OF OPERATIONS

Blackwolf Copper and Gold Ltd. (the "Company" or "Blackwolf") was incorporated under the laws of the Province of Alberta, Canada on November 6, 2007 and continued under the laws of the Province of British Columbia, Canada on November 16, 2009. On April 20, 2021, the Company changed its name from Heatherdale Resources Ltd to Blackwolf Copper and Gold Ltd. The Company's corporate office is located at Suite 3123 – 595 Burrard Street, Vancouver, British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "BWCG".

The Company's principal mineral property interests are its 100% owned Niblack copper-gold-zinc-silver project in southeast Alaska (the "Niblack Project") and claims staked near Hyder, Alaska (the "Hyder Area Properties"). The Company is in the process of exploring its properties and has yet to determine if the properties contain economically recoverable mineral reserves. The Company's continuing operations and the underlying value of the properties are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, obtaining the necessary permits to mine, future profitable production from any mine, and proceeds from the disposition of a property. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

As of April 30, 2023, the Company had working capital of \$5,486,552 and no source of operating revenue and has accumulated significant losses since inception. The Company is continually seeking opportunities for additional funding from equity-based sources on terms which are acceptable to it to carry out future planned operations. However, there can be no assurance that the Company will obtain such financial resources or achieve positive cash flows in the future.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations committee ("IFRIC"s). Accordingly, they do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete annual financial statements and should be read in conjunction with the Company's consolidated financial statements, as at and for the year ended October 31, 2022, which were filed under the Company's profile on SEDAR at www.sedar.com. Results for the reporting period are not necessarily indicative of future results.

Accounting policies applied herein are the same as those applied in the Company's annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on June 29, 2023.

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

(b) Significant Accounting Estimates and Judgments

The critical judgments and estimates applied in the preparation of these Financial Statements are consistent with those applied in the Company's consolidated financial statements, as at and for the year ended October 31, 2022.

3. AMOUNTS RECEIVABLE AND OTHER PREPAID EXPENSES

	April 30 2023	October 31 2022
Sales tax receivable	\$ 124,498	\$ 98,088
Prepaid expenses	75,289	146,904
Deposits	138,163	139,203
Other receivables	71,746	46,439
	\$ 409,696	\$ 430,634

4. EQUIPMENT

	Office equipment	Field equipment	Total
Cost			
Balance, October 31, 2021	\$ 39,359	\$ 929,513	\$ 968,872
Acquisitions during the period	3,006	406,282	409,288
Disposition during the period	-	(194,664)	(194,664)
Translation adjustment	-	107,678	107,678
Balance, October 31, 2022	42,365	1,248,809	1,291,174
Translation adjustment	-	(9,425)	(9,425)
Balance, April 30, 2023	\$ 42,365	\$ 1,239,384	\$ 1,281,749
Accumulated depreciation			
Balance, October 31, 2021	\$ 11,799	\$ 367,136	\$ 378,935
Depreciation for the period	9,667	94,822	104,489
Dispositions for the period	-	(39,154)	(39,154)
Translation adjustment	-	40,933	40,933
Balance, October 31, 2022	21,466	463,737	485,203
Depreciation for the period	3,656	46,199	49,855
Translation adjustment	-	(3,403)	(3,403)
Balance, April 30, 2023	\$ 25,122	\$ 506,533	\$ 531,655
Carrying amounts			
As at October 31, 2022	\$ 20,899	\$ 785,072	\$ 805,971
As at April 30, 2023	\$ 17,243	\$ 732,851	\$ 750,094

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION OF ASSETS

Details of the exploration and evaluation expenses that have been incurred are as follows:

For the Three Months ended April 30, 2023	Niblack Project	Hyder Area Properties	Total
Project and support contract services	37,702	2,600	40,302
Camp and site support	102,030	(69)	101,961
Depreciation	23,152	-	23,152
Underground support supplies	5,650	-	5,650
Geology and report preparation	12,059	-	12,059
Transport	9,651	(1,207)	8,444
Field travel	9,669	(1,421)	8,248
Environmental and permitting	24,539	-	24,539
Total	\$224,452	\$ (96)	\$ 224,355

For the Six Months ended April 30, 2023	Niblack Project	Hyder Area Properties	Total
Project and support contract services	76,193	25,544	101,737
Camp and site support	196,231	107	196,338
Depreciation	46,199	-	46,199
Underground support supplies	5,650	-	5,650
Geology and report preparation	48,343	39,023	87,366
Transport	25,906	(1,207)	24,699
Field travel	19,055	(1,421)	17,634
Environmental and permitting	68,587	-	68,587
Total	\$486,164	\$ 62,046	\$ 548,210

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

For the Three Months ended April 30, 2022	Niblack Project	Hyder Properties	Total
Project and support contract services	\$ 202,021	\$ 9,652	\$ 211,673
Camp and site support	175,916	3,337	179,253
Depreciation	20,768	-	20,768
Fuel	36,286	-	36,286
Underground support supplies	30,911	-	30,911
Drilling	9,883	-	9,883
Geology	29,755	10,147	39,902
Transport	47,190	150	47,340
Field travel	72,585	-	72,585
Environmental and permitting	87,074	-	87,074
Total	\$712,389	\$ 23,286	\$ 735,675

For the Six Months ended April 30, 2022	Niblack Project	Hyder Properties	Total
Claims maintenance	\$ 5,742	\$ -	\$ 5,742
Project and support contract services	445,938	15,431	461,369
Camp and site support	325,765	3,337	329,102
Depreciation	41,521	-	41,521
Fuel	60,728	-	60,728
Underground support supplies	64,842	-	64,842
Drilling	35,016	-	35,016
Geology	78,417	14,686	93,103
Transport	79,257	150	79,407
Field travel	131,227	-	131,227
Environmental and permitting	111,235	2,103	113,338
Total	\$1,379,688	\$ 35,707	\$ 1,415,395

1. The Niblack Project, 100% owned by the Company, consists of the 6,200-acre Niblack property, located on Prince of Wales Island, some 27 miles from Ketchikan, Alaska and includes certain site plant and equipment assets.

The Company will be required to make a one-time payment of Cdn\$1,250,000 to an arm's length third party upon the earliest to occur of the commencement of commercial production, the Company holding less than 35% interest in the Niblack Project, or a change in control of Blackwolf in certain circumstances.

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

2. The Hyder area properties is comprised of five properties Texas Creek, Cantoo, Casey, Mineral Hill and Rooster ("Hyder Area Properties"). The Hyder Area Properties were staked in 2021 and 2022 and are 100% owned and consist of 393 US federal claims, 4 Alaska state claims and 3 British Columbia mineral claims covering over 7,920 hectares. All properties are within the Golden Triangle Area with Texas Creek, Cantoo, Casey and Mineral Hill properties located in Southeast Alaska and the Rooster property located in northwest British Columbia.

6. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Transactions

During the six months ended April 30, 2023, the Company paid or accrued \$Nil (2022 - \$46,082) for office space to a private company controlled by a common director.

(b) Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President & Chief Executive Officer, Chief Financial Officer, and appointed officers of the Company and Directors. For the six months April 30, 2023, total key management compensation was \$329,767 (2022 - \$531,308) which includes management fees and salaries of \$269,917 (2022 - \$403,000) and share based compensation of \$59,850 (2022- \$128,309).

7. SHARE CAPITAL AND RESERVES

(a) Authorized Share Capital

At April 30, 2023 the authorized share capital consisted of an unlimited (October 31, 2022 - unlimited) number of common shares without par value and an unlimited (October 31, 2022 - unlimited) number of preferred shares with no par value. At April 30, 2023 and October 31, 2022, only common shares were issued and outstanding. All issued shares are fully paid.

(b) Share Issuances

For the six months April 30, 2023

In April 2023, the Company issued 30,000,000 units (the "April 2023 Units") and 10,416,667 eligible flow through common shares (the "April 2023 FT Shares") by a private placement at a price of \$0.20 per April 2023 Unit and \$0.24 per April 2023 FT Share for aggregate gross proceeds of \$8,500,000. Each April 2023 Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant, with each whole share purchase warrant entitling the holder to acquire one common share at a price of \$0.35 per common share until April 4, 2025. The Company paid agent's and finder's fees of \$524,915 and \$5,600, respectively, issued 2,478,746 agent warrants and 28,000 finder warrants. Each agent and finder warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of \$0.20 per common share until April 4, 2025. The agent and finder warrants have been recorded at a fair value of \$474,129. The fair value of the finder warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 3.52%, expected life of 2.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid or accrued \$258,986 in fees related to the share issuance. The Company recorded a flow through premium liability of \$416,667 for the difference between the fair value of its common shares and the issuance price of the April 2023 FT Shares.

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

For the year ended October 31, 2022

In August 2022, the Company issued 333,360 flow-through shares (the “FT Shares”) by a private placement at a price of \$0.45 per FT Share, for aggregate gross proceeds of \$150,012. The Company paid finder’s fees of \$9,001 and issued 23,335 finder warrants. Each finder warrant is exercisable to acquire one common in the capital of the Company at an exercise price of \$0.45 per common share until August 9, 2023. The finder warrants have been recorded at a fair value of \$1,731. The fair value of the finder warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 3.4%, expected life of 1.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid or accrued \$1,574 in fees related to the share issuance. There was no flow-through premium liability recorded on issuance of the FT shares as the difference between the fair value and the issuance price of its FT shares was nominal.

In July 2022, the Company issued 6,126,607 units (the “July 2022 Units”) by a private placement at a price of \$0.45 per July 2022 Unit, for aggregate gross proceeds of \$2,756,973. Each July 2022 Unit consisted of one common share of the Company and one transferable common share purchase warrant, entitling the holder to acquire one common share at a price of \$0.60 per common share until July 15, 2024. The Company allocated \$551,395 of the proceeds to the value of the warrants. The Company paid finder’s fees of \$81,004 and issued 127,870 finder warrants. Each finder warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of \$0.45 per common share until July 15, 2023. The finder warrants have been recorded at a fair value of \$13,134. The fair value of the finder warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 1.50%, expected life of 1.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid or accrued \$14,535 in fees related to the share issuance.

In December 2021, the Company issued 4,074,644 units (the “December 2021 Units”) by private placement at a price of \$0.70 per December 2021 Unit, for aggregate gross proceeds of \$2,852,251. Each December 2021 Unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant, with each whole warrant entitling the holder to acquire one common share at a price of \$0.85 per common share until June 9, 2023. The Company allocated \$122,239 of the proceeds to the value of the warrants. The Company paid finder’s fees of \$54,312 and issued 77,588 finder warrants. Each finder warrant is exercisable to acquire one common in the capital of the Company at an exercise price of \$0.70 per common share until June 9, 2023. The finder warrants have been recorded at a fair value of \$16,232. The fair value of the finder warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.90%, expected life of 1.5 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid or accrued \$14,974 in fees related to the share issuance.

(c) Omnibus Share Incentive Plan

In June 2022, the Company’s shareholders approved an amended omnibus share incentive plan (the “Share Incentive Plan”) subject to final approval by the TSX-V, providing for the grant of stock options, restricted share units, performance share unit and deferred share units (together the “Awards”). The Share Incentive Plan replaces the Company’s original omnibus share incentive plan.

The Share Incentive Plan provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with TSX-V requirements, grant to its directors, officers, employees and consultants to the Company, non-transferable Awards to purchase common shares, provided that the number of common shares reserved for issue does not exceed 10% of the number of then outstanding common shares.

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

A summary of stock option transactions are summarized as follows:

	Number of options outstanding	Weighted average exercise price
Balance October 31, 2021	1,787,500	\$0.99
Granted	1,525,000	\$0.65
Forfeited/Expired	(747,500)	\$0.93
Balance October 31, 2022	2,565,000	\$0.81
Forfeited/Expired	(206,250)	\$0.70
Balance April 30, 2023	2,358,750	\$0.81

As of January 31, 2023, the following stocks options were outstanding:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted average exercise price
June 16, 2025	100,000	100,000	\$0.80
June 30, 2025	30,000	30,000	\$0.85
September 9, 2025	992,500	755,000	\$1.00
April 20, 2026	82,500	62,500	\$1.00
May 21, 2026	10,000	5,000	\$1.24
February 2, 2027	75,000	75,000	\$0.70
April 4, 2027	768,750	431,250	\$0.70
August 2, 2027	300,000	75,000	\$0.45
	2,358,750	1,533,750	

As of April 30, 2023, there were no other award outstanding under the Share Incentive Plan.

(d) Warrants

A summary of warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance October 31, 2021	134,100	\$0.90
Granted	8,392,717	\$0.66
Expired	(134,100)	\$0.90
Balance October 31, 2022	8,392,717	\$0.85
Granted	17,506,746	\$0.33
Balance April 30, 2023	25,899,463	\$0.44

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

As of April 30, 2023, the following warrants were outstanding:

Expiry Date	Number of options outstanding	Exercise price
June 9, 2023*	77,588	\$0.70
June 9, 2023*	2,037,317	\$0.85
July 15, 2023	127,870	\$0.45
August 9, 2023	23,335	\$0.45
July 15, 2024	6,126,607	\$0.60
April 4, 2025	2,506,746	\$0.20
April 4, 2025	15,000,000	\$0.35
	25,899,463	

* Expired unexercised

(e) Share Based Compensation Expense

During the six months ended April 30, 2023 no stock options were granted and during the same period in 2022, a total of 1,245,000 stock options were granted.

The Company recognized a share-based compensation expense of \$83,997 for the six months ended April 30, 2023 (2022 - \$167,209). As of April 30, 2023, there were 825,500 non-vested options outstanding with a weighted average exercise price of \$0.61. The non-vested stock expense not yet recognized was \$164,795. This expense is expected to be recognized over the next three years.

(f) Flow Through Premium Liability

The following is a continuity of the liability portion of the flow-through shares issuances:

Balance, October 31, 2022	\$	-
Flow-through premium additions		416,667
Settlement of flow-through share premium pursuant to qualifying expenditures		-
Balance, April 30, 2023	\$	416,667

8. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. During the period ended January 31, 2023, there were no changes in the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital.

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

Fair Value

The fair value of the Company's financial assets and liabilities approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value measurements, which are determined by using valuation techniques, are classified in their entirety as either Level 2 or Level 3 based on the lowest level input that is significant to the measurement.

9. SUBSEQUENT EVENTS

- a) In June 2023, the Company announced it had entered a non-binding letter of intent (the "LOI") for a proposed transaction whereby the Company will acquire all the issued and outstanding shares of Optimum Ventures Ltd. ("Optimum"). The LOI contemplates that Blackwolf will acquire all the issued and outstanding securities of Optimum pursuant to a Plan of Arrangement or another structure to be determined following advice from Blackwolf's and Optimum's respective legal and tax advisors. Shareholders of Optimum will receive 0.65 of a Blackwolf common share for each Optimum common share held, each warrant to purchase Optimum common shares will be converted into a warrant to purchase common shares of Blackwolf on the basis of the same exchange ratio and the Optimum stock options will be cancelled.

The LOI provides for a binding exclusivity period whereby each party agrees to negotiate exclusively with each other, with a view to completing due diligence and negotiating and settling a definitive agreement.

The LOI does not obligate the parties to enter into a definitive agreement or proceed with the proposed transaction. There can be no assurance that the proposed transaction will be completed on the proposed terms or at all. The completion of the proposed transaction is subject to a number of conditions precedent, including: (i) satisfactory due diligence review, (ii) negotiation and execution of a definitive agreement respecting the proposed transaction; (iii) approval by the boards of directors of each of Blackwolf and Optimum, (iv) approval of the shareholders of Optimum at a special meeting of the shareholders of Optimum; (v) court approval of the Plan of Arrangement, and (vi) obtaining necessary third party approvals, including TSX Venture Exchange acceptance.

- b) In June 2023, the Company granted 2,320,000 stock options with an exercise price of \$0.35, which will vest $\frac{1}{4}$ in three months from the date of grant, $\frac{1}{4}$ after twelve, twenty-four and thirty-six months, respectively, from the grant date and have a five year term.