



CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
OCTOBER 31, 2023 and 2022**

(Expressed in Canadian Dollars, unless otherwise stated)

Independent Auditor's Report

To the Shareholders of Blackwolf Copper and Gold Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Blackwolf Copper and Gold Ltd. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and 2022, and the consolidated statements of comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at October 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no source of operating revenue and has accumulated significant losses since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
February 28, 2024

Blackwolf Copper and Gold Ltd

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	October 31 2023	October 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 6,515,405	\$ 605,526
Amounts receivable and prepaid expenses	5	565,256	430,634
Total current assets		7,080,661	1,036,160
Equipment	6	725,592	805,971
Restricted cash	4(b)	1,082,438	1,011,948
Mineral properties	7	5,914,430	1
Total Assets		\$ 14,803,121	\$ 2,854,080
LIABILITIES			
Current Liabilities			
Trade and other payables		1,473,479	\$ 1,437,402
Payables to related parties	8	9,770	49,724
Deferred flow through premium	10(f)	314,135	-
Total current liabilities		1,797,384	1,487,126
Provision for rehabilitation obligation	9	1,759,276	1,731,119
Total liabilities		3,556,660	3,218,245
EQUITY (DEFICIENCY)			
Share capital	10(a)	102,180,960	86,344,204
Reserves		8,499,602	7,231,187
Accumulated deficit		(99,380,116)	(93,898,641)
Accumulated other comprehensive loss		(53,985)	(40,915)
Total Equity/(Deficiency)		11,246,461	(364,165)
Total Equity and Liabilities		\$ 14,803,121	\$ 2,854,080

Continuance of operations and going concern (Note 1)

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

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

/s/ Vivien Chuang

Vivien Chuang
Director

/s/ Robert McLeod

Robert McLeod
Director

Blackwolf Copper and Gold Ltd

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes	Year ended October 31	
		2023	2022
Expenses			
Exploration and evaluation expenses	6, 7	\$ 2,904,863	\$ 3,806,334
Management fees, director fees, wages and benefits	8	713,039	953,311
Office and other		238,155	305,990
Professional services		341,244	241,381
Regulatory		69,369	48,137
Marketing and investor relations		1,077,530	397,555
Travel		87,562	48,707
Share-based compensation	8, 10(e)	304,808	186,783
		5,736,570	5,988,198
Other income/expenses			
Foreign exchange loss/(gain)		(2,709)	12,965
Finance income		(149,854)	(23,492)
Flow through premium recognized	10(f)	(102,532)	-
Loss on sale of equipment	6	-	24,401
Net loss		5,481,475	6,002,072
Other comprehensive loss/(income)			
Foreign currency translation adjustment		13,070	52,407
Comprehensive loss		\$ 5,494,545	\$ 6,054,479
Basic and diluted loss per common share		\$ 0.08	\$ 0.17
Weighted average number of common shares outstanding		67,267,695	34,691,914

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

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

	Notes	Year ended October 31	
		2023	2022
Operating activities			
Loss for the year		\$ (5,481,475)	\$ (6,002,072)
<u>Non-cash or non operating items:</u>			
Depreciation		99,740	104,489
Share-based compensation		304,808	186,783
Loss on sale of equipment		-	24,401
Flow through premium		(102,532)	-
Currency translation adjustment		(12,766)	-
<u>Changes in non-cash working capital items:</u>			
Amounts receivable and prepaid expenses		(87,243)	108,984
Trade and other payables		(28,054)	472,009
Payables to related parties		(39,956)	21,756
Net cash used in operating activities		(5,347,478)	(5,083,650)
Investing activities			
Net cash received on asset acquisition		458,345	-
Purchase of plant and equipment		(9,207)	(409,288)
Proceeds from sale of plant and equipment		-	131,069
Interest received		(43,714)	(6,426)
Net cash from (used in) investing activities		405,424	(284,645)
Financing activities			
Proceeds from private placement financing		11,763,532	5,759,236
Share issue costs		(911,599)	(175,401)
Net cash from financing activities		10,851,933	5,583,835
Net increase in cash and cash equivalents		5,909,879	215,540
Cash and cash equivalents - beginning balance		605,526	389,986
Cash and cash equivalents - ending balance		\$ 6,515,405	\$ 605,526

Supplemental cash flow information (Note 3)

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

BLACKWOLF COPPER AND GOLD LTD

Consolidated Statements of Changes in Equity (Deficiency)

(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	\$ 81,465,100	\$ 6,339,673	\$ (87,896,569)	\$ 11,492	\$ (80,304)
Shares issued pursuant to private placement	10,534,611	5,085,602	673,634	-	-	5,759,236
Share issuance costs	-	(206,498)	31,097	-	-	(175,401)
Share-based compensation	-	-	186,783	-	-	186,783
Net loss	-	-	-	(6,002,072)	-	(6,002,072)
Other comprehensive income	-	-	-	-	(52,407)	(52,407)
Balance at October 31, 2022	39,608,645	\$ 86,344,204	\$ 7,231,187	\$ (93,898,641)	\$ (40,915)	\$ (364,165)
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	54,014,716	11,355,590	407,942	-	-	11,763,532
Share issuance costs	-	(1,467,264)	555,665	-	-	(911,599)
Flow through premium	-	(416,667)	-	-	-	(416,667)
Shares issued to acquired Optimum Ventures Inc (Note 3)	28,932,257	6,365,097	-	-	-	6,365,097
Share-based compensation	-	-	304,808	-	-	304,808
Net loss	-	-	-	(5,481,475)	-	(5,481,475)
Other comprehensive income	-	-	-	-	(13,070)	(13,070)
Balance at October 31, 2023	122,555,618	\$ 102,180,960	\$ 8,499,602	\$ (99,380,116)	\$ (53,985)	\$ 11,246,461

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

Blackwolf Copper and Gold Ltd.

Notes to the Consolidated Financial Statements

For the years ended October 31, 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") and the OTCQB under the symbol "BWCG" and "BWCGF", respectively.

The Company's principal mineral property interests are its 100% owned Niblack copper-gold-zinc-silver project in southeast Alaska (the "Niblack Project"). In addition, the Company holds a 100% interest in five Hyder area gold-silver and base metal properties in Southeast Alaska (the "Hyder Area Properties") and an option to acquire an 80% interest in the Harry gold-silver property located in northwest British Columbia (the "Hyder Area Properties"). The Company's financial statements are prepared on a 'going-concern' basis, which contemplates the ongoing realization of assets and satisfaction of liabilities in the normal course of business. 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, or 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 October 31, 2023, the Company has working capital of \$5,283,277, no source of operating revenue and has accumulated significant losses since inception. The Company is continually seeking opportunities for additional funding and will need to additional funds to advance its properties. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"s), effective for the Company's reporting for the year ended October 31, 2023.

The Board of Directors of the Company authorized these consolidated financial statements for issuance on February 28, 2024.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(b) Basis of Preparation

These consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with the exception to the change to accounting policies noted below. Certain figures in the prior year have been reclassified to conform to current year presentation.

(c) Basis of Consolidation

These consolidated financial statements incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation.

At October 31, 2023 and 2022, the Company retained an ownership interest in the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Principal Activity	Ownership Interest
Heatherdale Holdings Ltd.	British Columbia, Canada	Holds interest in Niblack Holdings (US) Inc.	100%
Niblack Holdings (US) Inc.	Nevada, USA	Holds interest in Niblack Project LLC	100% (indirect)
Niblack Project LLC	Delaware, USA	Exploration of Niblack Project and has title to the Niblack claims	100% (indirect)
BWCG Holdings (US) Inc	Alaska, USA	Holds interest in BWCG (Alaska) LLC	100% (indirect)
BWCG (Alaska) LLC	Alaska, USA	Exploration of Hyder Properties and has title to the claims comprising the Hyder Properties	100% (indirect)
Optimum Ventures Ltd ⁽¹⁾	British Columbia, Canada	Holds option interest in Harry Project	100%
1309762 BC Ltd ⁽¹⁾	British Columbia, Canada	Inactive	100% (indirect)
Optimum Ventures Nevada, Ltd ⁽¹⁾	Nevada, USA	Inactive	100% (indirect)
Hyder Ventures Ltd ⁽¹⁾	Alaska, USA	Inactive	100% (indirect)

Note 1: These entities were acquired as per the Optimum transaction (Refer to Note 3) – September 12, 2023

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(d) Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements of each entity in the Blackwolf group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Primary and secondary indicators are used to determine the functional currency. Primary indicators include the currency that mainly influences sales prices, labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and in which receipts from operating activities are usually retained. Effective November 1, 2020, the functional currency of the Canadian parent company and its Canadian subsidiary changed to CAD from USD. The functional currency of the Company's US subsidiaries remained unchanged and is USD.

The financial statements of entities that have a functional currency different from the presentation currency of Blackwolf ("foreign operations") are translated into CAD as follows: assets and liabilities-at the closing rate at the date of the statement of financial position, and income and expenses-at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative foreign currency translation adjustments.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in the statement of income or loss as translational foreign exchange gains or losses.

ii. Transactions and Balances

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items are carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

(e) Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVTOCI") (debt / equity investment); or fair value through profit or loss ("FVTPL"). A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

Classification of financial assets

Amortized cost

For a financial asset to be measured at amortized cost, it needs to meet both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortized cost comprise of restricted cash, amounts receivable, and cash and cash equivalents.

Fair value through other comprehensive income ("FVTOCI")

For a debt investment is measured at FVTOCI, it needs to meet both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments at FVOCI

On initial recognition, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI") provided it is not held for trading. This election is made on an investment-by-investment basis.

Fair Value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
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The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see below). Interest income, foreign exchange gains, losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- probability that the borrower will enter bankruptcy or financial reorganization.

Financial Liabilities

Non-derivative financial liabilities

The Company's non-derivative financial liabilities comprise of trade and other payables and payables to related parties.

All financial liabilities that are not held for trading or designated as at FVTPL are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability other than a financial liability held for trading may be designated at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated at FVTPL.

A financial liability at FVTPL is stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The transaction cost is expensed as incurred. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
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(f) Significant Accounting Estimates and Judgments

Accounting Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. The most significant estimates in applying the Company consolidated financial statements include:

- 1) Determining the fair value of stock options or warrants using the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

Significant judgements

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- 1) Assessing whether there are any indicators of impairment. The Company regularly assesses whether there are facts and circumstances suggesting that the carrying amount of its exploration and evaluation assets ("E&E assets"), including site equipment, may exceed their recoverable amount. Determining whether to test for impairment requires the Company to use judgment regarding various industry-specific and other general indicators, including but not limited to, changes in the market, economic and legal environment in which the Company operates.
- 2) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- 3) The determination of the functional currencies of the Company and its subsidiaries requires discretion and judgment when, in the context of the Company's uncomplicated business activities, the relevant fact patterns involved can nonetheless support alternative conclusions.

(g) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or an asset acquisition. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

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

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(h) *Property, Plant and Equipment*

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method at various rates ranging from 10% - 30% per annum.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Residual values and estimated useful lives are reviewed at least annually.

(i) *Impairment of Non-Financial Assets*

At the end of each reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. A cash-generating unit is determined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(j) Share Capital and Warrants

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Flow through shares are a type of common share and are securities permitted by Canadian Income Tax Legislation whereby the investor can claim the tax deduction arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow-through shares in excess of the market value of the shares with flow-through features at the time of issue is credited to flow-through premium liability. The flow through premium liability is included in profit or loss as the underlying expenditures are incurred.

When the Company issues units under a private placement comprising common shares and warrants, they are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its shares to be more easily measurable component and they are valued with reference to the market price. The residual value attributed to the warrants, if any, is recorded as a separate component of equity.

Warrants that are issued as payment for an agency fees or other transactions costs are accounted for as share-based payment.

The fair value of warrants exercised is reclassified to share capital.

(k) Income or Loss per Share

Basic and diluted income or loss per share data is calculated by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding and common shares to be issued during the period. Diluted income or loss per share is determined by adjusting the income loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, such as share purchase options granted to employees and share purchase warrants outstanding. The dilutive effect of options or warrants assumes that the proceeds to be received on the exercise of these instruments are applied to repurchase common shares at the average market price for the reporting period. Share purchase options and warrants are included in the calculation of dilutive earnings per share only to the extent that the market price of the common shares exceeds the exercise price of the share purchase options and warrants.

(l) Share-based Payment Transactions

The share incentive plan allows Company employees and consultants to acquire common shares in Blackwolf. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal, tax purposes (direct employee), or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the share purchase options were granted. At the end of each financial reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

(m) Income Taxes

Any income tax on profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Restoration, Rehabilitation and Environmental Costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. The cost of any rehabilitation program is recognized at the time that the environmental disturbance occurs. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, and capitalized at the start of each project to the carrying amount of the asset along with a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the asset are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is adjusted each period for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(o) Segmental Reporting

The Company operates in two reportable operating segments, being the acquisition, exploration and development of exploration and evaluation properties in the United States and Canada. All non-current assets are held in the United States other than Company’s interest in the Harry Property which is in Canada.

3. ASSET ACQUISITION

On July 7, 2023, the Company entered into a definitive agreement with Optimum Venture Ltd (“OPV”), a mineral exploration company focused on gold exploration on the Harry Property located in the Golden Triangle area of British Columbia, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of OPV in consideration of the issuance of 0.65(the “Exchange Ratio”) of a Blackwolf common share for each OPV common share acquired (the “OPV Transaction”).

On September 12, 2023, the OPV Transaction was completed and OPV became a wholly-owned subsidiary of Blackwolf.

Pursuant to the OPV Transaction, the Company issued 28,364,958 shares to former OPV shareholders, and issued 567,299 shares as payment for advisory services in connection with the OPV Transaction.

The Company has been identified as the acquirer and the continuing entity for reporting purposes and OPV the entity being acquired. The OPV Transaction did not meet the criteria for a business combination as envisioned under IFRS 3, and therefore it has been accounted for an asset acquisition. The fair value of the consideration paid has been allocated on the basis that the carrying values of the of all non-exploration and evaluation assets acquired and liabilities assumed of OPV are reasonable estimates of their current values. The excess of the aggregate consideration paid over the value of these other nets assets was then assigned to the interest in the Harry Property acquired (Note 7(c)). The detailed composition and allocation of these amounts is as follows:

	September 12, 2023
Consideration	
28,364,958 common shares issued at a price of \$0.22 per share	\$ 6,240,291
567,299 common shares issued as advisory fees at a price of \$0.22 per share	124,806
Transaction costs	237,455
	\$ 6,602,552
Identifiable net assets	
Cash and cash equivalents	\$ 695,800
Amounts receivable and prepaid expenses	47,377
Restricted cash	9,077
Mineral properties	5,914,429
Accounts payable and accrued liabilities	(64,131)
	\$ 6,602,552

All outstanding share purchase warrants of OPV had expired unexercised prior to completion of the OPV Transaction, and all outstanding options of OPV were cancelled concurrent with completion of the OPV Transaction.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

4. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in business and savings accounts held at major financial institutions, which are available on demand, by the Company.

(b) Restricted Cash

	October 31 2023	October 31 2022
Comprises of:		
Cash collateral	\$ 977,850	\$ 962,200
Income earned and re-invested	90,101	44,426
Total ¹	1,067,951	1,006,626
Cash deposit ²	14,487	5,322
	\$ 1,082,438	\$ 1,011,948

The total comprises of the following:

1. The cash collateral is held with a United States ("US") financial institution, which has been pledged to the surety provider of the surety bond accepted by the Alaskan regulatory authorities. It will be released once reclamation work has been performed and assessed by the Alaskan regulatory authorities. Total income of \$90,101 (2022 - \$44,426) has been recognized, which has been re-invested.
2. The cash deposit is held with the Alaskan regulatory authorities as a performance guarantee for additional reclamation work to be performed by the Company.

5. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	October 31 2023	October 31 2022
Sales tax receivable	\$ 217,479	\$ 98,088
Prepaid expenses	37,679	146,904
Deposits	248,922	139,203
Other receivables	61,176	46,439
	\$ 565,256	\$ 430,634

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

6. EQUIPMENT

	Office equipment	Field equipment	Total
Cost			
Balance, October 31, 2021	\$ 39,359	\$ 929,513	\$ 968,872
Acquisitions during the year	3,006	406,282	409,288
Disposition for the year	-	(194,664)	(194,664)
Translation adjustment	-	107,678	107,678
Balance, October 31, 2022	42,365	1,248,809	1,291,174
Acquisitions for the year	9,207	-	9,207
Translation adjustment	-	20,311	20,311
Balance, October 31, 2023	\$ 51,572	\$ 1,269,120	\$ 1,320,692
Accumulated depreciation			
Balance, October 31, 2021	\$ 11,799	\$ 367,136	\$ 378,935
Depreciation for the year	9,667	94,822	104,489
Disposition for the year	-	(39,154)	(39,154)
Translation adjustment	-	40,933	40,933
Balance, October 31, 2022	21,466	463,737	485,203
Depreciation for the year	7,536	92,204	99,740
Translation adjustment	-	10,157	10,157
Balance, October 31, 2023	\$ 29,002	\$ 566,098	\$ 595,100
Carrying amounts			
As at October 31, 2022	\$ 20,899	\$ 785,072	\$ 805,971
As at October 31, 2023	\$ 22,570	\$ 703,022	\$ 725,592

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

7. EXPLORATION AND EVALUATION OF ASSETS

Details of the deferred mineral property acquisition costs are as follows:

	Niblack Project	Hyder Area Properties	Harry Property	Total
Balance, October 31, 2021 and 2022	\$ 1	\$ -	\$ -	\$ 1
Acquisitions during the year	-	-	5,914,429	5,914,429
Balance, October 31, 2023	\$ 1	\$ -	\$5,914,429	\$5,914,430

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

For the year ended October 31, 2023	Niblack Project	Hyder Area Properties	Harry Property	Total
Claims maintenance and staking	\$ 72,745	\$ 88,073	\$ -	\$ 160,818
Project and support contract services	146,900	170,939	125,402	443,241
Camp and site support	503,190	22,837	8,870	534,897
Depreciation	92,205	-	-	92,205
Fuel	669	3,988	3,069	7,726
Underground support supplies	5,650	-	-	5,650
Drilling	-	225,451	231,514	456,965
Geology	60,586	83,828	78,225	222,639
Transport	57,445	421,904	212,783	692,132
Field travel	32,326	75,292	37,207	144,825
Environmental and permitting	143,155	610	-	143,765
Total	\$1,114,871	\$1,092,922	\$ 697,070	\$ 2,904,863

For the year ended October 31, 2022	Niblack Project	Hyder Area Properties	Total
Claims maintenance and staking	\$ 85,275	\$ 115,115	\$200,390
Project and support contract services	633,736	186,678	820,414
Camp and site support	1,207,977	29,459	1,237,436
Depreciation	94,822	-	94,822
Fuel	105,617	1,765	107,382
Underground support supplies	122,810	-	122,810
Drilling	90,900	-	90,900
Geology	149,238	90,111	239,349
Transport	155,941	263,588	419,529
Field travel	203,993	55,155	259,148
Environmental and permitting	214,154	-	214,154
Total	\$3,064,463	\$ 741,871	\$ 3,806,334

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(a) Niblack Project

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.

(b) Hyder Area Properties

The Hyder area properties is comprised of five properties: Texas Creek, Cantoo, Casey, Mineral Hill and Rooster ("Hyder Area Properties"). The Hyder Area Properties staked in 2021 and 2022, 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 located 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.

(c) Harry Property

Pursuant to the OPV Transaction, the Company acquired the option agreement, amended on June 28, 2023, to acquire an 80% interest in the Harry Property. The Harry Property consists of three contiguous mineral claims covering 1,333 hectares and is located in the Skeena Mining Division of Mineral Division of British Columbia. Consideration to acquire the 80% interest in the Harry Property is as follows:

Cumulative Exploration Expenditures

- \$1,500,000 on or before September 13, 2023 (incurred by OPV);
- A further \$1,500,000 on or before September 13, 2024 ("Year 3 expenditures" – incurred);
- A further \$2,000,000 on or before September 13, 2025 ("Year 4 expenditures"); and
- A further \$4,000,000 on or before September 13, 2026 ("Year 5 expenditures").

All exploration expenditures are on a "make or pay" basis meaning the Company shall either make the required expenditures or pay the Optionor in cash for any shortfall within 30 days of the period which the period the expenditures were required.

Cash and Share Payments:

- \$225,000 and the issuance of 800,000 OPV common shares on or before September 13, 2023 (incurred by OPV);
- \$150,000 and the issuance of 455,000 common shares of the Company on or before the earlier of September 13, 2024, and the date that is 30 days after the date the Year 3 expenditures are incurred;
- \$400,000 and the issuance of 650,000 common shares of the Company on or before the earlier of September 13, 2025, and the date that is 30 days after the date the Year 4 expenditures are incurred;
- \$750,000 and the issuance of 975,000 common shares of the Company on or before the earlier of September 13, 2026, and the date that is 30 days after the date the Year 5 expenditures are incurred.

Upon exercise of the option by the Company, the parties will enter into an agreement for the operation of the Harry Property with the Company being the Operator. The Company will grant the Optionor a 2% net smelter return royalty.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

8. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Transactions

During the year ended October 31, 2023, the Company paid or accrued \$Nil (2022 - \$46,802) 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 year ended October 31, 2023, total key management compensation was \$793,421 (2022 - \$919,672) which includes management fees and salaries of \$568,834 (2022 - \$731,000) and share-based compensation of \$224,857 (2022- \$188,672).

9. PROVISION FOR REHABILITATION OBLIGATION

	October 31 2023	October 31 2022
Beginning balance	\$ 1,731,119	\$ 1,570,678
Translation adjustment	28,157	160,441
Ending balance	\$ 1,759,276	\$ 1,731,119

The Company's provision in the amount of USD\$1,268,312 is based on the 2017 Niblack Reclamation and Closure Plan that was approved by the Alaska Department of Natural Resources (the "ADNR") in May 2018 for the restoration and rehabilitation of the Niblack Project site, including the underground workings. The settlement of the obligation is to occur upon closure of the mine site. The Company has given the ADNR a cash deposit of US\$3,900 as a performance guarantee for additional reclamation work to be performed and has a surety bond from an insurance company in favour of the ADNR for the remainder of the obligation. Pursuant to the terms of the surety bond, the Company has provided to the surety provider cash collateral of US\$704,960, which has been classified as restricted cash and which as of October 31, 2023, increased by US\$64,957 as a result of income earned thereon. The Company will be required to fund the difference between the bond amount claimed and the total cash collateral amount in the account (Note 4(b)).

10. SHARE CAPITAL AND RESERVES

(a) Authorized Share Capital

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

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(b) Share Issuances

For the year ended October 31, 2023

In October 2023, the Company issued 13,598,050 units (the “October 2023 Units”) by a private placement at a price of \$0.24 per October 2023 Unit for aggregate gross proceeds of \$3,263,532. Each October 2023 Unit consisted of one common share of the Company and one transferable common share purchase warrant, with each share purchase warrant entitling the holder to acquire one common share at a price of \$0.35 per common share until October 17, 2025. The Company allocated \$407,942 of the proceeds to the value of the warrants. The Company paid finder’s fees of \$65,485 and issued 272,853 finder warrants. Each a finder warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of \$0.35 per common share until October 17, 2025. The finder warrants have been recorded at a fair value of \$16,371. 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 4.89%, expected life of 2.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%. The Company paid or accrued \$53,114 in fees related to the share issuance.

In April 2023, the Company issued 30,000,000 units (the “April 2023 Units”) and 10,416,666 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 \$524,916 and \$5,600, respectively, issued 2,478,746 agent warrants and 28,000 finder warrants. Each agent and finder warrant are 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 \$539,294. 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 \$262,484 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.

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.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

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 December 2023, the Company’s shareholders approved an amended omnibus share incentive plan (the “Share Incentive Plan”), providing for the grant of stock options, restricted share units, performance share unit and deferred share units (together the “Awards”).

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 Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

A summary of stock option transactions is 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	\$0.80
Granted	2,320,000	\$0.35
Forfeited/Expired	(507,500)	\$0.59
Balance October 31, 2023	4,377,500	\$0.59

As of October 31, 2023, the following stocks options were outstanding with a weighted average remaining life of 3.63 years:

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	992,500	\$1.00
April 20, 2026	82,500	72,500	\$1.00
May 12, 2026	10,000	7,500	\$1.24
April 4, 2027	707,500	375,000	\$0.70
August 2, 2027	300,000	150,000	\$0.45
June 23, 2028	2,155,000	542,500	\$0.35
	4,377,500	2,270,000	

Subsequent to October 31, 2023, 592,500 stock options expired unexercised due to an earlier expiry date as result of the eligible participant leaving the Company.

As of October 31, 2023, there were no other award outstanding under the Share Incentive Plan.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(d) Warrants

A summary of warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance November 1, 2021	134,100	\$0.90
Granted	8,392,717	\$0.66
Expired	(134,100)	\$0.90
Balance October 31, 2022	8,392,717	\$0.66
Granted	31,377,649	\$0.34
Expired	(2,266,110)	\$0.82
Balance October 31, 2023	37,504,256	\$0.38

As of October 31, 2023, the following warrants were outstanding with a weighted average remaining life of 1.51 years:

Expiry Date	Number of warrants outstanding	Weighted average exercise price
July 15, 2024	6,126,607	\$0.60
April 5, 2025	15,000,000	\$0.35
April 5, 2025	2,506,746	\$0.20
October 17, 2025	13,598,050	\$0.35
October 17, 2025	272,853	\$0.35
	37,504,256	

(e) Share-based Compensation Expense

During the year ended October 31, 2023, a total of 2,320,000 stock options (2022 – 1,545,000) at a weighted-average exercise price of \$0.35 (2022 – \$0.65) were granted to officers, consultants, and directors exercisable for a period of five years with various vesting terms over a three-year period. The weighted-average fair value attributable to options granted in 2023 was \$0.16 (2022 – \$0.34).

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the period:

	2023	2022
Risk free interest rate	4.25%	2.43%
Expected life of Option	5 years	5 years
Annualized volatility	75.00%	75.00%
Dividend rate	0.00	0.00
Forfeiture rate	0.00	0.00

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

The Company recognized a share-based compensation expense of \$304,808 for the year ended October 31, 2023 (2022 – \$186,783). During 2023, the Company has reversed share-based compensation expense by approximately \$46,939 (2022 - \$229,000) with respect to forfeitures of unvested options. As of October 31, 2023, there were 2,070,000 non-vested options outstanding with a weighted average exercise price of \$0.41. The non-vested stock expense not yet recognized was \$267,750. This expense is expected to be recognized over the next three fiscal 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		(102,532)
Balance, October 31, 2023	\$	314,135

During the year ended October 31, 2023, the Company raised \$2,500,000 in flow-through financings and is required to incur eligible flow-through expenditures by December 31, 2024, in the same amount. As at October 31, 2023, the Company has incurred \$615,194 in eligible flow-through expenditures and has committed, on a 'best efforts' basis to incur the remaining qualified exploration expenditures pursuant to the renunciation of the associated tax benefits to investors in the flow-through shares.

11. TAXATION

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income.

(b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at October 31, 2023, the Company has unused non-capital loss carry forwards of approximately \$33,0228,000 (2022 – \$28,117,000) in Canada and approximately US\$46,100,000 (2022 – US\$44,930,000) in the United States.

The following provides a reconciliation of the Company's effective tax rate:

	Year ended October 31	
	2023	2022
Loss for the year	\$(5,481,477)	\$ (6,002,072)
Total income tax expense	-	-
Loss excluding income tax	\$(5,841,477)	(6,002,072)
Income tax (recovery) expense using the Company's domestic tax rate	(1,480,000)	(1,621,000)
Effect of tax rates in foreign jurisdictions	(20,000)	(47,000)
Non-deductible expenses	(185,000)	34,000
Change in unrecognized temporary differences	1,685,000	1,634,000
	\$	\$
	-	-

The Company's domestic tax rate is 27.00% (2022 – 27.00%) and effective tax rate is Nil (2022 – Nil).

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

As at October 31, 2023, the Company had the following balances in respect of which no deferred tax asset was recognized:

Expiry	Net operating losses	Resource pools	Financing fees and other
Within one year	\$ -	\$ -	\$ -
One to five years	4,132,000	-	960,000
After five years	94,070,000	-	280,000
No expiry date	-	3,801,000	-
	\$ 98,202,000	\$ 3,801,000	\$ 1,240,000

12. FINANCIAL RISK MANAGEMENT

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit loss for cash and restricted cash by placing its cash and restricted cash with high quality financial institutions. The credit for cash and restricted cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company tries to ensure, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account from cash flows from operations and the Company's holdings of cash. The Company has working capital of \$5,283,276 as at October 31, 2023 and will need to raise additional funds to continue to explore and develop its properties. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its ongoing working capital and expansion activities.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Blackwolf Copper and Gold Ltd.
Notes to the Consolidated Financial Statements
For the years ended October 31, 2023 and 2022
(Expressed in Canadian dollars, unless stated otherwise)

(d) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value of future cash flows from the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains its cash reserves primarily in Canadian dollars. The portion of Company's funds held in US dollars are subject to fluctuations in foreign exchange rates and as at October 31, 2023, management considers this risk to be immaterial.

(e) Equity Management

The Company's policy is to maintain a strong equity base so as to maintain investor and creditor confidence and to sustain future development of the business. The equity structure of the Company comprises share capital and reserves, net of accumulated deficit. The Company manages its equity structure through the preparation of operating budgets, which are approved by the Board of Directors.

There were no changes in the Company's approach to equity management during the year.

The Company is not subject to any externally imposed equity requirements.

(f) Fair Value

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

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.