



Condensed Consolidated Interim Financial Statements
For the three and six month period ended February 28, 2023 and 2022
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

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

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations

SCOTTIE RESOURCES CORP.**Condensed Consolidated Interim Statements of Financial Position***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

As at	February 28, 2023	August 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,828,617	\$ 3,539,530
Amounts receivable (Note 4)	646,770	557,691
Prepaid expenses and advances (Note 5)	<u>74,375</u>	<u>40,897</u>
	7,549,762	4,138,118
Non-current assets		
Deposits	248,432	248,432
Property and equipment (Note 6)	619,350	667,907
Mineral properties (Note 7)	<u>15,031,311</u>	<u>14,174,311</u>
Total assets	\$ 23,448,855	\$ 19,228,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8, 9)	\$ 407,300	\$ 2,954,761
Non-current liabilities		
Flow through liability (Note 9)	<u>1,330,013</u>	<u>302,671</u>
Total liabilities	<u>1,737,313</u>	<u>3,257,432</u>
Shareholders' equity		
Share capital (Note 10)	45,749,853	37,579,779
Equity reserves (Note 10)	4,975,100	4,199,250
Deficit	<u>(29,013,411)</u>	<u>(25,807,693)</u>
Total shareholders' equity	<u>21,711,542</u>	<u>15,971,336</u>
Total liabilities and shareholders' equity	\$ 23,448,855	\$ 19,228,768

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved for issue by the Board of Directors on May 1, 2023.

Approved On behalf of the Board of Directors:

“Bradley Rourke”

Bradley Rourke, Director

“Ernest Mast”

Ernest Mast, Director

SCOTTIE RESOURCES CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

	Three months Ended February 28, 2023	Three months Ended February 28, 2022	Six months Ended February 28, 2023	Six months Ended February 28, 2022
EXPENSES				
Exploration expenditures	\$ 316,680	\$ 613,267	\$ 2,023,909	\$ 4,984,909
General and administrative	92,973	75,598	221,371	156,982
Management and consulting fees	50,000	28,000	100,000	75,000
Marketing and investor relations	111,736	143,072	256,369	301,891
Professional fees (Note 11)	181,885	173,625	278,110	310,930
Share-based compensation (Note 10, 11)	<u>459,747</u>	<u>42,485</u>	<u>622,268</u>	<u>107,531</u>
	(1,213,021)	(1,076,047)	(3,502,027)	(5,937,243)
OTHER INCOME (EXPENSES)				
BCMETC Recovery	-	88,976	-	88,976
Recovery of flow-through premium (Note 9)	36,576	21,939	286,993	157,824
Gain on sale of equipment (Note 6)	8,475	-	8,475	-
Foreign exchange gain/(loss)	<u>536</u>	<u>1,782</u>	<u>841</u>	<u>330</u>
Loss and comprehensive loss for the period	<u>\$(1,167,434)</u>	<u>\$ (963,350)</u>	<u>\$(3,205,718)</u>	<u>\$(5,690,113)</u>
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.03)
Weighted average number of common shares outstanding (Note 10)	246,602,489	202,433,537	239,904,125	202,433,537

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

SCOTTIE RESOURCES CORP.**Condensed Consolidated Interim Statements of Cash Flows***(Unaudited – Prepared by Management)**(Expressed in Canadian dollars)*

For the three months ended	February 28, 2023	February 28, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (3,205,718)	\$ (5,690,113)
Adjustments for items not involving cash:		
Amortization (Note 6)	37,032	37,494
Recovery of flow-through premium (Note 9)	(286,993)	(157,824)
Gain on sale of equipment (Note 6)	(8,475)	-
Share-based compensation (Note 10)	<u>622,268</u>	<u>107,531</u>
	(2,841,886)	(5,702,912)
Net changes in non-cash working capital items:		
Amounts receivable	(69,079)	(137,892)
Prepaid expenses and advances	(33,478)	1,711,428
Accounts payable and accrued liabilities	<u>(2,674,106)</u>	<u>(154,850)</u>
Net cash outflows from operating activities	<u>(5,618,549)</u>	<u>(4,284,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisitions and improvements (Note 6)	-	(6,954)
Acquisition of mineral property	(102,500)	-
Reclamation bonds	<u>-</u>	<u>(144,932)</u>
Net cash outflows from investing activities	<u>(102,500)</u>	<u>(151,886)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued	9,700,250	-
Share issue costs	<u>(690,114)</u>	<u>-</u>
Net cash inflows from financing activities	<u>9,010,136</u>	<u>-</u>
Net increase (decrease) in cash during the period	3,289,087	(4,436,112)
Cash, beginning of period	<u>3,539,530</u>	<u>7,265,107</u>
Cash, end of period	\$ 6,828,617	\$ 2,828,995

Supplemental disclosure with respect to cash flows – Note 14

SCOTTIE RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes In Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number	Amount	Contributed Surplus	Deficit	Total
Balance August 31, 2021	202,433,537	\$ 34,178,840	\$ 3,876,367	\$ (16,291,902)	\$ 21,763,305
Share-based compensation	-	-	107,531	-	107,531
Loss and comprehensive loss	-	-	-	(5,690,113)	(5,690,113)
Balance February 28, 2022	202,433,537	34,178,840	3,983,898	(21,982,015)	16,180,723
Private placement	18,800,000	5,008,000	-	-	5,008,000
Share issuance costs	-	(504,416)	-	-	(504,416)
Warrants issued as finders' fees	-	(65,145)	65,145	-	-
Flow-through premium	-	(1,130,000)	-	-	(1,130,000)
Property acquisition	500,000	92,500	-	-	92,500
Share-based compensation	-	-	150,207	-	150,207
Loss and comprehensive loss	-	-	-	(3,825,678)	(3,825,678)
Balance August 31, 2022	221,733,537	37,579,779	4,199,250	(25,807,693)	15,971,336
Private placement	41,122,530	9,700,250	-	-	9,700,250
Share issuance costs	-	(816,759)	-	-	(816,759)
Warrants issued as finders' fees	-	(153,582)	153,582	-	-
Flow-through premium	-	(1,314,335)	-	-	(1,314,335)
Property acquisition	600,000	117,000	-	-	117,000
Royalty acquisition	2,500,000	637,500	-	-	637,500
Share-based compensation	-	-	622,268	-	622,268
Loss and comprehensive loss	-	-	-	(3,205,718)	(3,205,718)
Balance February 28, 2023	265,956,067	\$ 45,749,853	\$ 4,975,100	\$ (29,013,411)	\$ 21,711,542

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

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Scottie Resources Corp. (“Scottie” or the “Company”) is a publicly traded company incorporated on November 24, 2009 under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol SCOT.

The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in British Columbia, Canada. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These condensed consolidated interim financial statements for the Company for the six months ended February 28, 2023 are comprised of the results of the Company and its former subsidiary, AUX Resources Corporation (“AUX”), which amalgamated on May 31, 2022.

The Company is in the process of exploring its mineral properties and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. The Company has not generated any revenues since inception and has a history of losses and accumulated deficit of \$29,013,411 as at February 28, 2023. These factors form a material uncertainty that may raise significant doubt regarding the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which could be material.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

2. BASIS OF PREPARATION (Cont'd...)

Basis of measurement

These condensed consolidated interim financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the condensed consolidated interim financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The functional currency of the Company and its former subsidiary is the Canadian dollar.

Significant Accounting Policies

The accounting policies applied in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s annual financial statements for the year ended August 31, 2022.

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based compensation and valuation of warrants

The fair value pricing of stock options and warrants issued are subject to the limitations of the Black-Scholes Option-Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option-Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Cont'd...)

b) Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Going concern presentation

Management has determined that the going concern presentation of the financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due as discussed in Note 1, is appropriate.

Carrying value and the recoverability of mineral properties

Management has determined that Company-incurred exploration costs that have been capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

3. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: amortized cost; fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI").

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2023		August 31, 2022	
Cash and cash equivalents	Amortized cost	\$	6,828,617	\$	3,539,530
Amounts receivable	Amortized cost	\$	646,770	\$	557,691
Deposits	Amortized cost	\$	248,432	\$	248,432
Accounts payable	Amortized cost	\$	407,300	\$	2,954,761

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

3. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Cont'd...)

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, deposits, and accounts payable approximate their fair value due to their short-term nature. Cash and cash equivalents are recorded at fair value and calculated under the fair value hierarchy and measured using Level 1 inputs.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and amounts receivable. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its short-term debt obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due; all of the Company's accounts payable are current and due within 90 days of the balance sheet. As at February 28, 2023, the Company has cash and cash equivalents of \$6,828,617 to settle current liabilities of \$407,300.

4. ACCOUNTS RECEIVABLE

	February 28, 2023	August 31, 2022
Trade receivable	\$ 21,000	\$ 25,198
GST receivable	530,850	437,573
BCMETS receivable	94,920	94,920
Total	\$ 646,770	\$ 557,691

SCOTTIE RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and six-month period ended February 28, 2023 and 2022***(Expressed in Canadian dollars)***5. PREPAID EXPENSES AND ADVANCES**

	February 28, 2023	August 31, 2022
Exploration advances	\$ 15,000	\$ 22,499
Prepaid expenses	59,375	18,398
Total	\$ 74,375	\$ 40,897

6. PROPERTY AND EQUIPMENT

	Equipment	Computer	Vehicle	Land	Building	Total
COST						
Balance, August 31, 2021	\$ 67,584	\$ 2,141	\$ 152,000	\$ 137,594	\$ 405,228	\$ 764,547
Additions	6,955	3,542	-	-	-	10,497
Balance, August 31, 2022	74,539	5,683	152,000	137,594	405,228	775,044
Additions	-	-	-	-	-	-
Disposal	(20,000)	-	-	-	-	(20,000)
Balance, February 28, 2023	\$ 54,539	\$ 5,683	\$ 152,000	\$ 137,594	\$ 405,228	\$ 755,044

ACCUMULATED AMORTIZATION

Balance, August 31, 2021	\$ 8,906	\$ 602	\$ 3,643	\$ -	\$ 18,069	\$ 31,220
Amortization	24,541	714	30,400	-	20,262	75,917
Balance, August 31, 2022	33,447	1,316	34,043	-	38,331	107,137
Amortization	10,679	1,231	15,075	-	10,047	37,032
Disposal	(8,475)	-	-	-	-	(8,475)
Balance, February 28, 2023	\$ 35,651	\$ 2,547	\$ 49,118	\$ -	\$ 48,378	\$ 135,694

CARRYING AMOUNTS

As at August 31, 2022	\$ 41,092	\$ 4,367	\$ 117,957	\$ 137,594	\$ 366,897	\$ 667,907
As at February 28, 2023	\$ 18,888	\$ 3,136	\$ 102,882	\$ 137,594	\$ 356,850	\$ 619,350

7. MINERAL PROPERTIES

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. All of the Company's mineral interests are located near Stewart, British Columbia, Canada in the region known as the Golden Triangle. The properties have been acquired under various option and purchase agreements and by staking. Certain claims are subject to a net smelter returns ("NSR") royalty ranging from 1% to 3%.

The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing.

SCOTTIE RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and six-month period ended February 28, 2023 and 2022***(Expressed in Canadian dollars)***7. MINERAL PROPERTIES (Cont'd...)****Mineral Property Acquisition Costs by Project**

Project	As at August 31, 2022	Cash	Shares	As at February 28, 2023
Bear Pass	\$ 285,619	\$ -	\$ -	\$ 285,619
Cambria ¹	5,744,787	50,500	-	5,795,287
Georgia River	199,155	-	-	199,155
Scottie Gold Mine	3,454,302	52,000	754,500	4,260,802
Silver Crown	4,472,439	-	-	4,472,439
Tide North	18,009	-	-	18,009
TOTAL	\$ 14,174,311	\$ 102,500	\$ 754,500	\$ 15,031,311

Project	As at August 31, 2021	Cash	Shares	As at August 31, 2022
Bear Pass	\$ 285,619	\$ -	\$ -	\$ 285,619
Cambria ¹	5,744,787	-	-	5,744,787
Georgia River	199,155	-	-	199,155
Scottie Gold Mine	1,711,802	1,650,000	92,500	3,454,302
Silver Crown	4,472,439	-	-	4,472,439
Tide North	18,009	-	-	18,009
TOTAL	\$ 12,431,811	\$ 1,650,000	\$ 92,500	\$ 14,174,311

¹Includes Bitter Creek, Black Hills, Champion South (formerly Silver Crown), Confluence, Dorothy 2, Independence, Lower Bear properties (Bay Silver and Lower Bear), and Ruby Silver.

Scottie Gold Mine ProjectSummit Lake

On April 26, 2019, the Company entered into an option agreement to acquire a 100% interest in the Summit Lake property. To complete the option, the Company must:

- a) Make cash payments to the vendor as follows:
 - i) \$50,000 on TSX-V approval of the option agreement (*paid*);
 - ii) \$50,000 on or before April 26, 2020 (*paid*);
 - iii) \$50,000 on or before April 26, 2021 (*paid*);
 - iv) \$50,000 on or before April 26, 2022 (*paid*); and
 - v) \$50,000 on or before April 26, 2023 (*paid*)

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

7. MINERAL PROPERTIES (Cont'd...)

Scottie Gold Mine Project (Cont'd...)

Summit Lake (Cont'd...)

b) Issue shares of the Company to the vendor as follows:

- i) 200,000 shares TSX-V approval of the option agreement (*issued*);
- ii) 400,000 shares on or before April 26, 2020 (*issued*);
- iii) 500,000 shares on or before April 26, 2021 (*issued*);
- iv) 500,000 shares on or before April 26, 2022 (*issued*); and
- v) 600,000 shares on or before April 26, 2023. (*issued*)

During the six-month period ended February 28, 2023, the Company closed a royalty purchase agreement pursuant to which the Company purchased 100% of a 1.8% gross smelter return royalty on the Summit Lake property. In consideration of the purchase, the Company issued 2,500,000 common shares to the vendor with a fair value of \$637,500.

During the year ended August 31, 2022, the Company purchased a 3.0% NSR which was previously held by a third-party over certain Summit Lake Property claims for \$1,600,000.

During the year ended August 31, 2022, the Company entered into an option agreement with Europacific Metals Inc. (Formerly Goldplay Mining Inc.) ("Europacific") whereas Europacific could acquire up to 3.75% interest in the Company's Summit Lake project by incurring up to \$1,500,000 in exploration expenses on the project until December 31, 2022 (the "Option").

Following the completion of the earn-in of the Option, Europacific had the right (the "Put Right") to require Scottie to repurchase the interest earned by Europacific by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Europacific by 1.7 and Scottie had the right (the "Call Right") to repurchase the interest earned by Europacific by paying cash, at a price calculated by dividing the total exploration expenditures incurred by Europacific by 1.7.

Europacific incurred exploration expenditures of \$1,005,311 during the six month period ended February 28, 2023 and \$574,789 during the year ended August 31, 2022, for total cumulative exploration expenditures of \$1,580,000. Following the completion of the earn-in of the option Europacific exercised the Put Right and the Company repurchased the earned interest on the Summit Lake project for \$900,000. Consequently, the Company recognized \$564,765 of exploration expenditures during the six month period ended February 28, 2023 (August 31, 2022 - \$335,235), representing the exploration expenditures incurred by Europacific divided by the Put Right repurchase rate.

Cambria Project

Bitter Creek

On March 1, 2019, the Company entered into an option agreement to acquire a 100% interest in the Bitter Creek property, contiguous with the Company's Black Hills and Ruby Silver properties. In 2020, the Company completed its purchase obligations on the property to earn the 100% interest after renegotiation of the initial option agreement and payment of \$325,000 in cash and issuance of 1,000,000 shares valued at \$235,000.

Bitter Creek is subject to a 2.5% NSR, 60% of which can be purchased for \$1,500,000.

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

7. MINERAL PROPERTIES (Cont'd...)

Black Hills

In 2013, the Company purchased certain tenures of the Black Hills mineral claims for \$10,000. In 2018, the Company staked additional claims at Black Hills for a cost of \$1,680. The Company currently owns 100% of the property.

Champion South

The Champion South property was obtained through the acquisition of AUX and has been optioned out to Mountain Boy Minerals Ltd. ("MBM") who completed their earn-in on the property during 2021. The original vendors retain a 2% NSR, one half of which can be purchased for \$1,000,000 with a minimum advance annual royalty of \$50,000 to begin after seven years.

Confluence

On October 22, 2020, the Company entered into an agreement to purchase 100% of the Confluence mineral claim tenure for \$1,000 cash.

Dorothy 2

The Dorothy 2 property option agreement was obtained through the acquisition of AUX. The original vendors retain a 2.5% NSR, one half of which can be purchased for \$1,000,000 until 90 days after the start of commercial production. The Company is required to keep the property in good standing and carry out \$150,000 of exploration work over 4 years.

Lower Bear Properties

The Lower Bear properties, including the Bay Silver property, were obtained through the acquisition of AUX. The original vendors retain a 2% NSR, one half of which can be purchased for \$1,000,000 with a minimum advance annual royalty of \$50,000 to begin after seven years.

Ruby Silver

In 2018, the Company purchased a 100% interest in the Ruby Silver property for \$100,000.

Independence Project and Silver Crown

The Company obtained an option to acquire a 100% interest in the Independence and Silver Crown projects through the acquisition of AUX. To complete the option, the Company must:

- a) Make cash payments to the vendor as follows:
 - i) \$200,000 on closing of the AUX financing on July 6, 2020 (*paid*);
 - ii) \$50,000 on or before July 6, 2021 (*paid*);
 - iii) \$50,000 on or before July 6, 2022 (*paid*);
 - iv) \$75,000 on or before July 6, 2023;
 - v) \$125,000 on or before July 6, 2024; and
 - vi) \$150,000 on or before July 6, 2025.

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

7. MINERAL PROPERTIES (Cont'd...)

b) Issue shares of the Company to the vendor as follows:

- i) 3,000,000 shares within 5 days of execution of the agreement (*issued*);
- ii) 250,000 shares on or before July 6, 2021 (*issued*);
- iii) 250,000 shares on or before July 6, 2022;
- iv) 500,000 shares on or before July 6, 2023;
- v) 1,000,000 shares on or before July 6, 2024; and
- vi) 3,000,000 shares on or before July 6, 2025.

The vendors will retain a 1.8% NSR, 0.8% of which can be purchased for \$1,500,000 until 90 days after the start of commercial production.

Georgia River Project

Exdale

The Exdale property was obtained through the acquisition of AUX. The original vendor retains a 2% NSR.

Georgia River

The Georgia River properties were obtained through the acquisition of AUX.

Bear Pass Project

Bayview/Comet

The Bayview/Comet properties were obtained through the acquisition of AUX. The original vendor retains a 1% NSR.

Rufus

The Company obtained a 75% interest in the Rufus property through the acquisition of AUX. The original vendors retain a 2% NSR, one half of which can be purchased for \$1,000,000 until 90 days after the start of commercial production.

West George Copper

The Company obtained a 40% interest in the West George Copper property in the acquisition of AUX, which will be retained until Mountain Boy Minerals ("MBM") completes Feasibility on the property, at which time the 40% interest will revert to MBM.

The Company holds a 2% NSR, of which 1% can be purchased by MBM for \$1,000,000.

Acquisition of AUX Resources Corporation

On July 16, 2021, the Company completed the acquisition of AUX Resources Corporation. The transaction included the acquisition of all the mineral properties and mineral property options held by AUX, expanding and consolidating the Company's holdings in the Golden Triangle of British Columbia.

Consideration with a fair value of \$12,753,132 was issued in exchange for all of the issued and outstanding equity of AUX and is comprised of:

SCOTTIE RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and six-month period ended February 28, 2023 and 2022***(Expressed in Canadian dollars)***7. MINERAL PROPERTIES (Cont'd...)****Acquisition of AUX Resources Corporation (Cont'd...)**

- 54,499,642 common shares of the Company at \$0.215 per share (\$11,717,422);
- 18,433,817 warrants of the Company with fair values between \$0.0209 and \$0.0451 per warrant (\$656,675) (Note 10c contains a summary of the assumptions used to calculate fair values); and
- 2,432,000 stock options of the Company with fair values between \$0.0896 and \$0.1938 per stock option (\$379,035) (Note 10c contains a summary of the assumptions used to calculate fair values)

The transaction was accounted for as an asset purchase of mineral property interests and \$9,922,969 was allocated to the fair value of exploration and evaluation assets.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	February 28, 2023	August 31, 2022
Accounts payable	\$ 242,867	\$ 1,789,179
Accrued liabilities	47,263	491,052
Payroll liability	2,898	2,898
Amounts payable to related parties (Note 11)	<u>114,272</u>	<u>671,632</u>
TOTAL	\$ 407,300	\$ 2,954,761

9. FLOW THROUGH SHARE LIABILITY AND RECOVERY OF FLOW THROUGH PREMIUM

During the six month period ended February 28, 2023, the Company:

- Incurred eligible flow through expenditures of \$1,300,282 (2022 – \$4,261,254).
- Reported a recovery of flow through premium of \$286,993 (2022 – \$157,824), and as at February 28, 2023 had a remaining flow through liability of \$1,330,013 (August 31, 2022 – \$302,671).

As at February 28, 2023, the Company had \$4,087,250 in unspent flow through funds (August 31, 2022 – \$1,387,382).

In accordance with the flow through share agreements, the Company may be required to indemnify the holders of any such shares any tax and other costs payable to them in the event the Company does not fulfill its flow through expenditure requirements.

10. SHARE CAPITAL**a) Authorized**

An unlimited number of common shares without par value.

b) Share Issuance

At February 28, 2023 the Company had 265,956,067 common shares issued and outstanding (August 31, 2022 – 221,733,537).

SCOTTIE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six-month period ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

10. SHARE CAPITAL (Cont'd...)

b) Share Issuance (Cont'd...)

During the six month period ended February 28, 2023, the Company:

- Closed a non-brokered private placement consisting of 18,823,530 units (the "Units") at a price of \$0.17 per Unit for gross proceeds of \$3,200,000. Each Unit consists of one common share of the Company, and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase an additional common share at an exercise price of \$0.25 per common share for a period of two years.

The Company paid finder's fees of \$139,281 in cash and issued 819,300 finder's warrants. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.25 per common share for a period of two years.

- Issued 600,000 common shares in respect of property option agreements on the Summit Lake property, valued at \$117,000, which has been recorded as property acquisition costs (Note 7).
- Issued 2,500,000 common shares with a fair value of \$637,500 in consideration of a royalty purchase agreement (Note 7).
- Closed a brokered private placement consisting of 11,429,000 flow-through common shares at a price of \$0.35 per flow-through common share and 10,870,000 common shares at a price of \$0.23 per common share for gross proceeds of \$6,500,250.

The Company paid finder's fees of \$398,023 in cash and issued 1,142,287 finder's warrants. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.23 per common share for a period of two years.

During the year ended August 31, 2022, the Company:

- Issued 500,000 common shares in respect of property option agreements on the Summit Lake property, valued at \$92,500, which has been recorded as property acquisition costs (Note 7).
- Closed private placements consisting of 10,000,000 flow-through shares at a price of \$0.30 per flow-through share, 4,000,000 flow-through shares at a price of \$0.25 per flow-through share, and 4,800,000 common shares at a price of \$0.21 per common share for aggregate gross proceeds of \$5,008,000.

The Company paid share issuance costs of \$504,416 and issued 1,128,000 finders' warrants valued at \$65,145. Each finders' warrant is exercisable into a common share at a price of \$0.30 per share for a period of 24 months. The finders' warrants were valued using the following Black-Scholes Option-Pricing Model assumptions: expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 2.65%, and an expected volatility of 70.30%.

The Company recorded a \$1,130,000 flow through premium associated with the flow-through shares issued.

SCOTTIE RESOURCES CORP.

**Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month period ended February 28, 2023 and 2022**

(Expressed in Canadian dollars)

10. SHARE CAPITAL (Cont'd...)

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 20% of the Company's issued and outstanding common shares to its directors, officers, employees, and consultants. The vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The stock option continuity for the period ended February 28, 2023 is as follows:

Number Outstanding August 31, 2022	Granted	Exercised	Expired/ Cancelled	Number Outstanding February 28, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
150,000	-	-	(150,000)	-	\$ 0.26	Oct 26, 2022	-
600,000	-	-	-	600,000	\$ 0.26	Mar 8, 2023*	0.02
1,000,000	-	-	-	1,000,000	\$ 0.10	Dec 3, 2023	0.76
100,000	-	-	-	100,000	\$ 0.23	Feb 3, 2024	0.93
1,000,000	-	-	-	1,000,000	\$ 0.22	Apr 24, 2024	1.16
1,400,000	-	-	-	1,400,000	\$ 0.20	Sep 17, 2024	1.55
3,425,000	-	-	-	3,425,000	\$ 0.22	May 25, 2025	2.24
1,650,000	-	-	(100,000)	1,550,000	\$ 0.42	Jul 8, 2025	2.36
250,000	-	-	-	250,000	\$ 0.26	Jan 13, 2026	2.88
2,100,000	-	-	-	2,100,000	\$ 0.25	Apr 19, 2026	3.14
100,000	-	-	-	100,000	\$ 0.25	May 21, 2026	3.23
1,100,000	-	-	-	1,100,000	\$ 0.23	Mar 22, 2027	4.06
-	2,354,000	-	-	2,354,000	\$ 0.18	Sep 8, 2027	4.53
-	4,850,000	-	-	4,850,000	\$ 0.28	Jan 16, 2028	4.88
12,875,000	7,204,000	-	(250,000)	19,829,000	\$ 0.24	(weighted average)	3.13
			Exercisable	13,876,000	\$ 0.24	(weighted average)	2.45

*Subsequent to the period ended February 28, 2023, 600,000 options expired unexercised.

SCOTTIE RESOURCES CORP.

**Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month period ended February 28, 2023 and 2022**

(Expressed in Canadian dollars)

The stock option continuity for the year ended August 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding August 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
300,000	-	-	(300,000)	-	\$ 0.20	May 24, 2022	-
150,000	-	-	-	150,000	\$ 0.26	Oct 26, 2022	0.15
600,000	-	-	-	600,000	\$ 0.26	Mar 8, 2023	0.52
1,000,000	-	-	-	1,000,000	\$ 0.10	Dec 3, 2023	1.26
1,000,000	-	-	-	1,000,000	\$ 0.22	Apr 24, 2024	1.65
2,400,000	-	-	(1,000,000)	1,400,000	\$ 0.20	Sep 17, 2024	2.05
100,000	-	-	-	100,000	\$ 0.23	Feb 3, 2024	1.43
3,625,000	-	-	(200,000)	3,425,000	\$ 0.22	May 25, 2025	2.73
300,000	-	-	(50,000)	250,000	\$ 0.26	Jan 13, 2026	3.37
2,100,000	-	-	-	2,100,000	\$ 0.25	Apr 19, 2026	3.64
100,000	-	-	-	100,000	\$ 0.25	May 21, 2026	3.72
80,000	-	-	(80,000)	-	\$ 0.25	Sep 24, 2024	2.07
80,000	-	-	(80,000)	-	\$ 0.25	Feb 8, 2027	4.44
72,000	-	-	(72,000)	-	\$ 0.30	Jul 7, 2024	1.85
2,200,000	-	-	(550,000)	1,650,000	\$ 0.42	Jul 8, 2025	2.85
-	1,100,000	-	-	1,100,000	\$ 0.23	Mar 22, 2027	4.56
14,107,000	1,100,000	-	(2,332,000)	12,875,000	\$ 0.24	(weighted average)	2.66
			Exercisable	11,500,000	\$ 0.24	(weighted average)	2.47

Stock-Based Compensation

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

During the six month period ended February 28, 2023, the Company granted 7,204,000 (2022 – nil) stock options.

The Company recorded \$622,268 in stock-based compensation expense (2022 - \$107,531) for options granted and vested during the period.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were:

Grant Date	Jan 17, 2023	Sep 8, 2022	Mar 22, 2022
Expiry Date	Jan 17, 2028	Sep 8, 2027	Mar 22, 2027
Expected life (years)	5	5	5
Expected dividend	\$ nil	\$ nil	\$ nil
Risk-free interest rate	2.93%	3.37%	2.25%
Expected volatility	104.80%	91.04%	117.00%
Fair value	\$ 0.21	\$ 0.13	\$ 0.16

SCOTTIE RESOURCES CORP.

**Notes to the Condensed Consolidated Interim Financial Statements
For the three and six-month period ended February 28, 2023 and 2022**

(Expressed in Canadian dollars)

10. SHARE CAPITAL (Cont'd...)

Share Purchase Warrants

The share purchase warrant continuity for the six-month period ended February 28, 2023 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding February 28, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
1,560,000	-	-	-	1,560,000	\$ 0.25	Jun 1, 2023	0.25
11,234,889	-	-	(11,234,889)	-	\$ 0.40	Feb 11, 2023	-
1,128,000	-	-	-	1,128,000	\$ 0.30	April 22, 2024	1.15
-	18,823,530	-	-	18,823,530	\$ 0.25	Sep 26, 2024	1.58
-	819,300	-	-	819,300	\$ 0.25	Oct 7, 2024	1.61
-	1,142,287	-	-	1,142,287	\$ 0.23	Feb 16, 2025	1.97
13,922,889	20,785,117	-	(11,234,889)	23,473,117	\$ 0.25	(weighted average)	1.49

The share purchase warrant continuity for the year ended August 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding August 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
10,600,000	-	-	(10,600,000)	-	\$ 0.30	Jan 16, 2022	-
758,457	-	-	(758,457)	-	\$ 0.24	May 14, 2022	-
2,332,000	-	-	(2,332,000)	-	\$ 0.34	Jun 8, 2022	-
1,560,000	-	-	-	1,560,000	\$ 0.25	Jun 1, 2023	0.75
7,198,928	-	-	(7,198,928)	-	\$ 0.40	Jul 6, 2022	-
11,234,889	-	-	-	11,234,889	\$ 0.40	Feb 11, 2023	0.45
-	1,128,000	-	-	1,128,000	\$ 0.30	April 22, 2024	1.64
33,684,274	1,128,000	-	(20,889,385)	13,922,889	\$ 0.38	(weighted average)	0.58

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation were:

Grant Date	Feb 16, 2023	Oct 7, 2022	Apr 22, 2022
Expiry Date	Feb, 16 2025	Oct 7, 2024	Apr 22, 2024
Expected life (years)	2	2	2
Expected dividend	\$ nil	\$ nil	\$ nil
Risk-free interest rate	4.14%	4.05%	2.65%
Expected volatility	62.15%	64.95%	70.30%
Fair value	\$ 0.09	\$ 0.06	\$ 0.06

SCOTTIE RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and six-month period ended February 28, 2023 and 2022***(Expressed in Canadian dollars)***11. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Red Fern Consulting Ltd. (" Red Fern "), a company related to Stephen Sulis	Consulting as CFO
Rhodanthe Corporate Services (" Rhodanthe "), a company related to Christina Boddy	Consulting as Corporate Secretary
Slater Corporate Services Corporation (" Slater "), a company related to Lisa Peterson	Consulting as Former CFO
Serac Exploration Ltd. (" Serac "), a company related to Bradley Rourke and Thomas Mumford	Geological consulting
YMI Inc. (" YMI "), a company related to Bradley Rourke	Consulting as CEO

The Company incurred the following fees in connection with key management compensation and expenses incurred from companies owned or partially owned by key management (Chief Executive Officer, Chief Financial Officer, Corporate Secretary) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

For the six-month period ended February 28,	2023	2022
Professional fees – Red Fern	\$ 45,100	\$ 19,500
Professional fees – Rhodanthe	18,000	18,000
Professional fees – Slater	-	45,000
Exploration Expenses – Serac	520,311	259,551
Management fees – YMI	100,000	60,000
TOTAL	\$ 683,411	\$ 402,051

In addition to the fees paid above, the Company recognized \$360,071 (2022 - \$76,616) in share-based compensation related to the granting and vesting of stock options to the officers and directors of the Company

Amounts owing to directors and officers and companies with directors and officers in common are disclosed in Note 8. All amounts are unsecured, with no specific terms of repayment.

12. SEGMENT DISCLOSURE

The Company has one reportable operating segment in Canada which operates in the acquisition, exploration and evaluation of mineral resources. All of the Company's non-current assets are located in Canada.

13. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 10). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

SCOTTIE RESOURCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and six-month period ended February 28, 2023 and 2022***(Expressed in Canadian dollars)*

13. MANAGEMENT OF CAPITAL (Cont'd...)

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions. There were no changes to the Company's approach to capital management.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASHFLOWS

For the six-month period ended,	February 28, 2023	February 28, 2022
Non-cash investing and financing activities:		
Shares issued under property acquisition option agreements.	\$ 117,000	\$ -
Shares issued for royalty acquisition	637,500	-
Broker warrants issued as share issuance costs	153,582	-
Share issuance costs in accounts payable	126,645	-
Sale of equipment in accounts receivable	20,000	-

15. SUBSEQUENT EVENTS

Subsequent to the period ended February 28, 2023, the Company granted an additional 230,484 finders warrants at a price of \$0.23 per finders warrant for a period of 24 months from the date of issuance. The finders warrants were issued in connection with the brokered private placement financing which closed February 28, 2023.