



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED
JULY 31, 2023 and 2022**

(Expressed in Canadian Dollars, unless otherwise stated)

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

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

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

Blackwolf Copper and Gold Ltd

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Notes	Jul 31 2023	October 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 6,051,892	\$ 605,526
Amounts receivable and prepaid expenses	3	360,263	430,634
Deferred charges	9	177,851	-
Total current assets		6,590,006	1,036,160
Equipment	4	710,015	805,971
Restricted cash		976,952	1,011,948
Mineral properties	5	1	1
Total Assets		\$ 8,276,974	\$ 2,854,080
LIABILITIES			
Current Liabilities			
Trade and other payables		\$ 1,670,992	\$ 1,437,402
Payables to related parties		-	49,724
Liability on flow through issuance	7(f)	416,667	-
Total current liabilities		2,087,659	1,487,126
Provision for rehabilitation obligation		1,671,255	1,731,119
Total liabilities		3,758,914	3,218,245
EQUITY (DEFICIENCY)			
Share capital	7(a)	93,163,907	86,344,204
Reserves		7,897,810	7,231,187
Accumulated deficit		(96,533,878)	(93,898,641)
Accumulated other comprehensive income/(loss)		(9,779)	(40,915)
Total Equity/(Deficiency)		4,518,060	(364,165)
Total Equity and Liabilities		\$ 8,276,974	\$ 2,854,080

Continuance of operations and going concern (Note 1)

Subsequent Event (Note 9)

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

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

/s/ Jessica Van Den Akker

/s/ Robert McLeod

Jessica Van Den Akker
Director

Robert McLeod
Director

Blackwolf Copper and Gold Ltd

Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months ended Jul 31		Nine Months ended Jul 31	
		2023	2022	2023	2022
Expenses					
Exploration and evaluation expenses	5	\$ 599,825	\$ 1,157,478	\$ 1,148,035	\$ 2,572,874
Management fees, director fees, wages and benefits	6	196,619	204,488	518,563	755,165
Office and other		69,617	63,447	174,086	244,780
Professional services		49,038	78,919	241,176	203,768
Regulatory		3,557	14,898	23,987	42,810
Marketing and investor relations		154,328	110,482	360,162	257,859
Travel		13,094	22,914	45,614	52,420
Share-based compensation	7(e)	108,497	155,637	192,494	322,846
		1,194,575	1,808,263	2,704,117	4,452,522
Other income/expenses					
Foreign exchange loss (gain)		(3,407)	586	(3,366)	3,930
Finance income		(55,707)	(1,894)	(65,514)	(6,902)
Loss on sale of equipment		-	18,962	-	18,962
Net Loss		1,135,461	1,825,917	2,635,237	4,468,512
Other comprehensive loss/(income)					
Foreign currency translation adjustment		(22,122)	4,538	(31,136)	19,001
Comprehensive loss		\$ 1,113,339	\$ 1,830,455	\$ 2,604,101	\$ 4,487,513
Basic and diluted loss per common share		\$ 0.01	\$ 0.05	\$ 0.05	\$ 0.14
Weighted average number of common shares outstanding		80,025,311	34,214,175	57,078,129	32,370,716

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

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

	Notes	For the Nine Months Ended Jul 31,	
		2023	2022
Operating activities			
Loss for the period		\$ (2,635,237)	\$ (4,468,512)
<u>Non-cash or non operating items:</u>			
Depreciation		74,433	72,857
Stock based compensation		192,494	322,846
Loss on sale of equipment		-	18,962
<u>Changes in non-cash working capital items:</u>			
Amounts receivable and prepaid expenses		61,694	54,597
Trade and other payables		274,234	175,368
Payables to related parties		(49,724)	(7,052)
Net cash used in operating activities		(2,082,106)	(3,830,934)
Investing activities			
Deferred charges		(177,851)	-
Purchase of plant and equipment		(4,176)	(404,966)
Proceeds from sale of plant and equipment		-	95,295
Net cash used in investing activities		(182,027)	(309,671)
Financing activities			
Proceeds from private placement financing		8,500,000	5,609,224
Share issue costs		(789,501)	(164,825)
Net cash from financing activities		7,710,499	5,444,399
Net decrease in cash and cash equivalents		5,446,366	1,303,794
Cash and cash equivalents - beginning balance		605,526	389,986
Cash and cash equivalents - ending balance		\$ 6,051,892	\$ 1,693,780

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

BLACKWOLF COPPER AND GOLD LTD

Consolidated Statements of Changes in Equity (Deficiency)

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

	Share capital		Reserves	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total equity (deficiency)
	Number of common shares	Amount				
Balance at November 1, 2021	29,074,034	\$ 81,465,101	\$ 6,339,673	\$ (87,896,569)	\$ 11,492	\$ (80,303)
Shares issued pursuant to private placement	10,201,251	\$ 5,609,224	-	-	-	5,609,224
Share issuance costs	-	(194,191)	29,366	-	-	(164,825)
Share based compensation	-	-	322,846	-	-	322,846
Net loss	-	-	-	(4,468,512)	-	(4,468,512)
Other comprehensive income	-	-	-	-	(19,001)	(19,001)
Balance at Jul 31, 2022	39,275,285	\$ 86,880,134	\$ 6,691,885	\$ (92,365,081)	\$ (7,509)	\$ 1,199,429
Balance at November 1, 2022	39,608,645	\$ 86,344,204	\$ 7,231,187	\$ (93,898,641)	\$ (40,915)	\$ (364,165)
Shares issued pursuant to private placement	40,416,666	8,500,000	-	-	-	8,500,000
Share issuance costs	-	(1,263,630)	474,129	-	-	(789,501)
Flow through premium	-	(416,667)	-	-	-	(416,667)
Share based compensation	-	-	192,494	-	-	192,494
Net loss	-	-	-	(2,635,237)	-	(2,635,237)
Other comprehensive income	-	-	-	-	31,136	31,136
Balance at Jul 31, 2023	80,025,311	\$ 93,163,907	\$ 7,897,810	\$ (96,533,878)	\$ (9,779)	\$ 4,518,060

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 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") under the symbol "BWCG".

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

As of July 31, 2023, the Company had working capital of \$4,502,347 and no source of operating revenue and has accumulated significant losses since inception. The Company is continually seeking opportunities for additional funding from equity-based sources on terms which are acceptable to it to carry out future planned operations. However, there can be no assurance that the Company will obtain such financial resources or achieve positive cash flows in the future.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

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

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

(b) Significant Accounting Estimates and Judgments

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

3. AMOUNTS RECEIVABLE AND OTHER PREPAID EXPENSES

	July 31 2023	October 31 2022
Sales tax receivable	\$ 143,337	\$ 98,088
Prepaid expenses	47,746	146,904
Deposits	134,399	139,203
Other receivables	34,781	46,439
	\$ 360,263	\$ 430,634

4. EQUIPMENT

	Office equipment	Field equipment	Total
Cost			
Balance, October 31, 2021	\$ 39,359	\$ 929,513	\$ 968,872
Acquisitions during the period	3,006	406,282	409,288
Disposition during the period	-	(194,664)	(194,664)
Translation adjustment	-	107,678	107,678
Balance, October 31, 2022	42,365	1,248,809	1,291,174
Acquisitions during the period	4,176	-	4,176
Translation adjustment	-	(43,187)	(43,187)
Balance, Jul 31, 2023	\$ 46,541	\$ 1,205,622	\$ 1,252,163
Accumulated depreciation			
Balance, October 31, 2021	\$ 11,799	\$ 367,136	\$ 378,935
Depreciation for the period	9,667	94,822	104,489
Dispositions for the period	-	(39,154)	(39,154)
Translation adjustment	-	40,933	40,933
Balance, October 31, 2022	21,466	463,737	485,203
Depreciation for the period	5,428	69,005	74,433
Translation adjustment	-	(17,488)	(17,448)
Balance, Jul 31, 2023	\$ 26,894	\$ 515,254	\$ 542,148
Carrying amounts			
As at October 31, 2022	\$ 20,899	\$ 785,072	\$ 805,971
As at Jul 31, 2023	\$ 19,647	\$ 690,368	\$ 710,015

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION OF ASSETS

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

For the Three Months ended July 31, 2023	Niblack Project	Hyder Area Properties	Total
Project and support contract services	28,117	89,035	117,152
Camp and site support	122,000	16,417	138,417
Depreciation	22,806	-	22,806
Drilling	-	36,231	36,231
Geology	12,048	5,476	17,524
Transport	21,293	172,419	193,712
Field travel	8,751	27,482	36,233
Environmental and permitting	37,750	-	37,750
Total	\$252,765	\$ 347,060	\$ 599,825

For the Nine Months ended July 31, 2023	Niblack Project	Hyder Area Properties	Total
Project and support contract services	104,309	114,579	218,888
Camp and site support	318,231	16,524	334,755
Depreciation	69,005	-	69,005
Underground support supplies	5,650	-	5,650
Drilling	-	36,231	36,231
Geology and report preparation	60,391	44,499	104,890
Transport	47,199	171,212	218,411
Field travel	27,806	26,062	53,868
Environmental and permitting	106,337	-	106,337
Total	\$ 738,928	\$ 409,107	\$ 1,148,035

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

For the Three Months ended July 31, 2022	Niblack Project	Hyder Area Properties	Total
Claim staking and maintenance	\$ -	\$ 40,836	\$ 40,836
Project and support contract services	116,825	24,946	141,771
Camp and site support	653,367	3,995	657,362
Depreciation	24,142	-	24,142
Fuel	25,426	-	25,426
Underground support supplies	23,545	-	23,545
Drilling	28,267	-	28,267
Geology	32,215	620	32,835
Transport	52,846	31,165	84,011
Field travel	49,293	11,758	61,051
Environmental and permitting	38,235	-	38,235
Total	\$1,044,161	\$ 113,320	\$ 1,157,479

For the Nine Months ended July 31, 2022	Niblack Project	Hyder Area Properties	Total
Claim staking/maintenance	\$ 5,742	\$ 40,836	\$ 46,578
Project and support contract services	562,763	40,377	603,140
Camp and site support	979,131	9,435	988,566
Depreciation	65,663	-	65,663
Fuel	86,153	-	86,153
Underground support supplies	88,387	-	88,387
Drilling	63,283	-	63,283
Geology	110,632	15,306	125,938
Transport	132,103	31,315	163,418
Field travel	180,520	11,758	192,278
Environmental and permitting	149,470	-	149,470
Total	\$2,423,847	\$ 149,027	\$ 2,572,874

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

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

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

6. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Transactions

During the nine months ended July 31, 2023, the Company paid or accrued \$Nil (2022 - \$46,082) for office space to a private company controlled by a common director.

(b) Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Executive Chairman, President & Chief Executive Officer, Chief Financial Officer, and appointed officers of the Company and Directors. For the nine months July 31, 2023, total key management compensation was \$567,755 (2022 - \$820,532) which includes management fees and salaries of \$422,083 (2022 - \$567,000) and share based compensation of \$145,671 (2022- \$253,532).

7. SHARE CAPITAL AND RESERVES

(a) Authorized Share Capital

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

(b) Share Issuances

For the nine months July 31, 2023

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

For the year ended October 31, 2022

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

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

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

(c) Omnibus Share Incentive Plan

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

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

A summary of stock option transactions are summarized as follows:

	Number of options outstanding	Weighted average exercise price
Balance October 31, 2021	1,787,500	\$0.99
Granted	1,525,000	\$0.65
Forfeited/Expired	(747,500)	\$0.93
Balance October 31, 2022	2,565,000	\$0.81
Granted	2,320,000	\$0.35
Forfeited/Expired	(300,000)	\$0.70
Balance July 31, 2023	4,585,000	\$0.58

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

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted average exercise price
June 16, 2025	100,000	100,000	\$0.80
June 30, 2025	30,000	30,000	\$0.85
September 9, 2025	992,500	755,000	\$1.00
April 20, 2026	82,500	72,500	\$1.00
May 21, 2026	10,000	7,500	\$1.24
April 4, 2027	750,000	412,500	\$0.70
August 2, 2027	300,000	75,000	\$0.45
June 23, 2028	2,320,000	-	\$0.35
	4,585,000	1,452,500	

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 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 October 31, 2021	134,100	\$0.90
Granted	8,392,717	\$0.66
Expired	(134,100)	\$0.90
Balance October 31, 2022	8,392,717	\$0.85
Granted	17,506,746	\$0.33
Expired	(2,242,775)	\$0.82
Balance July 31, 2023	23,656,688	\$0.40

As of July 31, 2023, the following warrants were outstanding:

Expiry Date	Number of options outstanding	Exercise price
August 9, 2023*	23,335	\$0.45
July 15, 2024	6,126,607	\$0.60
April 4, 2025	2,506,746	\$0.20
April 4, 2025	15,000,000	\$0.35
	23,656,688	

* Expired unexercised

(e) Share Based Compensation Expense

During the nine months ended July 31, 2023, a total of 2,320,000 stock options (2022 – 1,245,000) at a weighted-average exercise price of \$0.35 (2022 – \$1.02) were granted to an officers, consultants, and employees 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 – \$0.36).

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%	2.33%
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 Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

The Company recognized a share-based compensation expense of \$192,494 for the nine months ended July 31, 2023 (2022 - \$322,846). As of July 31, 2023, there were 3,125,500 non-vested options outstanding with a weighted average exercise price of \$0.45. The non-vested stock expense not yet recognized was \$424,898. This expense is expected to be recognized over the next three years.

(f) Flow Through Premium Liability

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

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

8. FINANCIAL RISK MANAGEMENT

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

Blackwolf Copper and Gold Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended July 31, 2023 and 2022

(Expressed in Canadian dollars, unless stated otherwise)

Fair Value

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

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

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

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

9. SUBSEQUENT EVENTS

In September 2023, the Company announced it had acquired all the issued and outstanding shares of Optimum Ventures Ltd. ("Optimum") pursuant to a Plan of Arrangement (the "Transaction"). Shareholders of Optimum received 0.65 of a Blackwolf common share for each Optimum common share held. The Company issued 28,364,958 common shares to former shareholders of Optimum.

In connection with the Transaction, the Company issued 567,299 common shares in consideration for advisory services provided.

Optimum is a Canadian based mineral exploration company, that has interests in properties and projects located in the "Golden Triangle" area of northern British Columbia into Alaska. Optimum has an option agreement with Teuton Resources Corp. pursuant to which Optimum can acquire an up to 80-per-cent interest in the Harry and Outland Silver Bar properties, located near Stewart, B.C.

It is anticipated that the Transaction will be accounted for as an asset acquisition as the net Optimum assets acquired do not meet the definition of a business under the parameters of IFRS 3, Business Combinations.

As of July 31, 2023, \$177,851 of expenditures relating to the Transaction have been recorded as deferred transaction costs on the statement of financial position (October 31, 2022 - \$nil)