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**GRANADA GOLD MINE INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**MARCH 31, 2023 AND 2022**  
**(UNAUDITED)**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of Granada Gold Mine Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

**GRANADA GOLD MINE INC.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

As at,	Notes	March 31, 2023	June 30, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		22,201	132,159
Accounts receivable	5	235,608	1,093,071
Prepaid expenses		96,488	96,488
Marketable securities	6	206,853	342,831
<b>Total current assets</b>		<b>561,150</b>	1,664,549
Deposit, long-term	7	372,436	372,436
Property and equipment	9	140,840	179,340
<b>Total assets</b>		<b>1,074,426</b>	2,216,325
<b>SHAREHOLDERS' DEFICIENCY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade, other payables and provisions	11, 14, 16	9,018,998	8,234,957
Secured loans payable	10	1,255,242	1,182,329
<b>Total current liabilities</b>		<b>10,274,240</b>	9,417,286
Provision for site reclamation and restoration	15	404,370	394,501
<b>Total liabilities</b>		<b>10,678,610</b>	9,811,787
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	12	72,035,458	71,988,834
Reserves	12	3,109,945	2,593,340
Deficit		(84,749,587)	(82,177,636)
<b>Total shareholders' deficiency</b>		<b>(9,604,184)</b>	(7,595,462)
<b>Total liabilities and shareholders' deficiency</b>		<b>1,074,426</b>	2,216,325

Nature of operations and going concern (note 1)  
 Commitments and contingencies (notes 8, 10, 14 & 16)  
 Subsequent events (note 19)

Approved by the Board:

"Frank Basa"  
 \_\_\_\_\_  
 Director

"Matthew Halliday"  
 \_\_\_\_\_  
 Director

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

**GRANADA GOLD MINE INC.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Notes	Three Months Ended March 31,		Nine Months Ended March 31,	
		2023	2022	2023	2022
<b>Expenses</b>					
<b>Exploration and evaluation</b>	8				
Assay and testing		\$ 5,353	\$ 38,962	\$ 13,224	\$ 50,219
Consulting fees		-	42,848	10,000	57,155
Core analysis		-	55,681	50,015	323,398
Depreciation	9	10,510	13,029	31,829	36,709
Drilling		-	-	122,343	314,417
Equipment		87,238	2,479	175,489	16,139
Facility expenses		29,638	25,596	88,271	47,567
Geology, geophysics and surveys		35,000	58,156	125,341	134,986
Mining tax credits		-	-	-	(90,108)
Personnel costs		28,012	505	178,203	12,586
Project management and engineering	14	83,273	87,975	290,011	499,056
Reclamation and restoration costs		3,315	1,020	9,869	3,052
Security		-	-	459	300
Taxes, permits and licensing		36,030	14,940	39,911	21,494
		<b>318,369</b>	<b>341,191</b>	<b>1,134,965</b>	<b>1,426,970</b>
<b>Corporate</b>					
Administrative and general expenses		14,373	15,549	36,940	58,077
Financing fees		24,433	31,664	72,913	104,240
Professional fees		127,625	221,856	468,824	984,836
Filing costs and shareholders' information		15,016	37,841	26,908	143,001
Travel		2,357	-	2,357	683
		<b>183,804</b>	<b>306,910</b>	<b>607,942</b>	<b>1,290,837</b>
<b>Other (income) expenses</b>					
Equipment rental	14	(59,203)	(19,500)	(157,853)	(68,300)
Interest and other income		-	(1,606)	315	(1,664)
Income tax reassessed		-	(12,949)	-	(12,949)
Stock-based compensation	12.3	28,645	-	28,645	-
Part XII.6 penalty and interest		14,327	13,517	56,851	40,553
Flow-through indemnification action provision	16	77,192	91,153	229,853	234,206
Unrealized (income) loss on marketable securities	6	921	(410,067)	135,978	652,890
Gain on sale of equipment		-	(300)	671	(300)
		<b>61,882</b>	<b>(339,752)</b>	<b>294,460</b>	<b>844,436</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (564,055)</b>	<b>\$ (308,349)</b>	<b>\$ (2,037,367)</b>	<b>\$ (3,562,243)</b>
<b>Net loss per share</b>					
- basic and diluted	13	<b>\$ (0.004)</b>	<b>\$ (0.002)</b>	<b>\$ (0.014)</b>	<b>\$ (0.027)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	13	<b>150,542,848</b>	<b>138,489,515</b>	<b>150,542,848</b>	<b>131,635,585</b>

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

**GRANADA GOLD MINE INC.**  
**Condensed Interim Statements of Changes in Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Number of shares	Share capital	Reserves	Deficit	Total
<b>Balance, June 30, 2021</b>	<b>122,577,826</b>	<b>\$ 70,357,818</b>	<b>\$ 3,431,427</b>	<b>\$ (79,390,517)</b>	<b>\$ (5,601,272)</b>
Private placements	15,811,689	1,420,656	302,435	-	1,723,091
Share issue costs	-	(208,973)	66,472	-	(142,501)
Option exercise	100,000	12,000	-	-	12,000
Exercise of options – book value	-	10,456	(10,456)	-	-
Options expired	-	-	(1,262,782)	1,262,782	-
Net loss for the period	-	-	-	(3,562,243)	(3,562,243)
<b>Balance, March 31, 2022</b>	<b>138,489,515</b>	<b>\$ 71,591,957</b>	<b>\$ 2,527,096</b>	<b>\$ (81,689,978)</b>	<b>\$ (7,570,925)</b>
Private placements	12,053,313	344,336	179,276	-	523,612
Share issue costs	-	(2,316)	(27,013)	-	(29,329)
Warrants expired	-	54,857	(54,857)	-	-
Options expired	-	-	(31,162)	31,162	-
Net loss for the period	-	-	-	(518,820)	(518,820)
<b>Balance, June 30, 2022</b>	<b>150,542,828</b>	<b>71,988,834</b>	<b>2,593,340</b>	<b>(82,177,636)</b>	<b>(7,595,462)</b>
Stock-based compensation	-	-	28,645	-	28,645
Options expired	-	-	534,584	(534,584)	-
Warrants expired	-	46,624	(46,624)	-	-
Net loss for the period	-	-	-	(2,037,367)	(2,037,367)
<b>Balance, March 31, 2023</b>	<b>150,542,828</b>	<b>72,035,458</b>	<b>3,109,945</b>	<b>(84,749,587)</b>	<b>(9,604,184)</b>

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

**GRANADA GOLD MINE INC.**  
**Condensed Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Notes	Nine Months March 31,	
		2023	2022
<b>Operating activities</b>			
Loss before tax		\$ (2,037,367)	\$ (3,562,243)
<i>Adjustments for:</i>			
Depreciation	9	31,829	36,709
Stock-based compensation	12.3	28,645	-
Interest on secured loans payable	10	72,913	104,240
Part XII.6 penalties and interest		56,851	27,604
Flow-through indemnification provision		229,853	234,206
Unrealized loss on marketable securities	6	135,978	652,890
Reclamation and restoration costs		9,869	3,052
Gain on sale of equipment		671	(300)
<i>Operating cash flows before movements in working capital</i>			
Accounts receivable		857,463	172,906
Prepaid expenses		-	955
Trade, other payables and provisions		497,337	1,601,681
<b>Net cash used in operating activities</b>		<b>(115,958)</b>	<b>(728,300)</b>
<b>Investing activities</b>			
Sale of equipment		6,000	300
<b>Net cash provided by investing activities</b>		<b>6,000</b>	<b>300</b>
<b>Financing activities</b>			
Issuance of common shares and warrants	12.2	-	1,723,091
Share issue costs	12.2	-	(142,501)
Warrant and option exercise	12.2	-	12,000
Repayment of secured loans and interest	10	-	(715,000)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>877,590</b>
(Decrease) increase in cash and cash equivalents		(109,958)	149,590
Cash and cash equivalents, beginning of period		132,159	193,104
<b>Cash and cash equivalents, end of period</b>		<b>\$ 22,201</b>	<b>\$ 342,694</b>

**Supplemental information**

Broker's warrants issued as finder's fees	\$ -	\$ 51,893
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The accompanying notes are an integral part of these unaudited condensed interim financial statements.

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**GRANADA GOLD MINE INC.****Notes to Condensed Interim Financial Statements****For the Three And Nine Months Ended March 31, 2023 and 2022****(In Canadian Dollars, except where noted)****(Unaudited)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Granada Gold Mine Inc. ("Granada" or the "Company") is domiciled in Canada and was incorporated on July 17, 1985 under the Company Act of British Columbia. The Company is a publicly-traded-company with its shares listed on the TSX Venture Exchange ("TSXV"), the Frankfurt Stock Exchange, and the US over the counter ("OTC") market. The principal business of the Company is the acquisition, exploration and development of mineral property interests. The Company's head office is located at 3028 Quadra Court, Coquitlam, British Columbia, V3B 5X6.

**Going concern**

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company had cash and cash equivalents of \$22,201 at March 31, 2023 (June 30, 2022: \$132,159), but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral deposits that are economically recoverable. The Company will periodically have to obtain additional funds to continue its exploration activities, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continuing existence is dependent upon the discovery of economically recoverable reserves and resources, the preservation of its interest in the underlying properties, the ability of the Company to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and the achievement of profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, and renegotiation of contracts.

These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed inappropriate. Such adjustments could be material.

As at March 31, 2023, the Company had not yet achieved profitable operations, has an accumulated deficit, has a working capital deficiency and expects to incur further losses in the development of its business.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing accumulated operating losses and a significant working capital deficiency, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

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**GRANADA GOLD MINE INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three And Nine Months Ended March 31, 2023 and 2022**  
**(In Canadian Dollars, except where noted)**  
**(Unaudited)**

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**1. NATURE OF OPERATIONS (continued)**

**Novel Coronavirus (“COVID-19”)**

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

**2. BASIS OF PREPARATION**

**Basis of Presentation Statement of Compliance**

These unaudited condensed interim financial statements have been prepared on the historic cost basis, except certain financial instruments that have been measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Statement of compliance**

The unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, ‘Interim Financial Reporting’ using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may ultimately differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 4.

**Functional and Presentation Currency**

These unaudited condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

For the purpose of the unaudited condensed interim financial statements, the results and financial position are expressed in Canadian dollars. Transactions in currencies other than the functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses are presented in the statement of loss. The Company does not have any foreign operations.

**Approval of the financial statements**

These unaudited condensed interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on May 29, 2023.



**GRANADA GOLD MINE INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three And Nine Months Ended March 31, 2023 and 2022**  
**(In Canadian Dollars, except where noted)**  
**(Unaudited)**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out in the Company's audited financial statements for the year ended June 30, 2022 have been applied consistently to these unaudited condensed interim financial statements.

**4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

In the process of applying the Company's accounting policies, management has made the same judgments, estimates, and assumptions which were set out in the Company's audited financial statements for the year ended June 30, 2022.

**5. ACCOUNTS RECEIVABLE**

	March 31, 2023	June 30, 2022
	\$	\$
Rental revenue receivable	146,315	109,371
Taxes receivable	89,293	983,700
	<b>235,608</b>	<b>1,093,071</b>

The above amounts receivable are net of expected credit losses of \$Nil (June 30, 2022 - \$Nil).

**6. MARKETABLE SECURITIES**

The Company's marketable securities are as follows:

	As at March 31, 2023		As at June 30, 2022	
	Cost	Fair Value	Cost	Fair Value
Canada Silver Cobalt Works Inc.	\$	\$	\$	\$
2,381,500 common shares	1,214,565	190,520	1,214,565	285,780
2,941,000 share purchase warrants	1,293,503	16,333	1,293,503	57,051
<b>Total marketable securities</b>		<b>206,853</b>		<b>342,831</b>

On July 10, 2020, the Company sold a 50% interest in certain mineral leases to Canada Silver Cobalt Works Inc. ("CCW"), a related party with which at the time had four common directors and three common officers, for total consideration of \$1,499,910 payable through the issuance of 2,941,000 units of CCW to the Company. Each unit is comprised of one common shares of CCW and one share price warrant to acquire one common share of CCW at a price of \$0.55 for a period of 5 years.

On initial recognition the 2,941,000 warrants received were recorded at an estimated value of \$1,293,503 based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.55, an average exercise price of \$0.55, risk free interest rate of 0.38%, expected life of warrants of 5 years, expected volatility rate of 114% (based on CCW's historical volatility for 5 years up to the issuance date) and expected dividend rate of 0%.

**GRANADA GOLD MINE INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three And Nine Months Ended March 31, 2023 and 2022**  
(In Canadian Dollars, except where noted)  
(Unaudited)

**6. MARKETABLE SECURITIES (continued)**

The black scholes inputs were used to determine the fair value as of:

	March 31, 2023	June 30, 2022
Share price	\$ 0.08	\$ 0.12
Exercise price	\$ 0.55	\$ 0.55
Expected life	2.25	3.01
Risk free interest rate	3.78 %	0.38 %
Volatility rate	79.40 %	77.53 %
Dividend rate	0.00 %	0.00 %

**7. DEPOSIT, LONG-TERM**

As at March 31, 2023, the Company has a non-interest-bearing cash deposit of \$372,436 (June 30, 2022: \$372,436) with the Quebec government as a guarantee for the restoration of the Granada mine site.

**8. EXPLORATION AND EVALUATION**

The Company has determined that as at March 31, 2023, the following projects have not met the technical feasibility and commercial viability criteria to be capitalized and classified as mining properties. Accordingly, the Company has expensed all exploration and evaluation expenditures in the period. As of March 31, 2023, and June 30, 2022, the Company did not hold any assets classified as mining properties.

**Granada Property, Quebec, Canada**

The Company holds a 100% interest to certain mining leases and claims. The mining leases are subject to a 2% Gross Metal Royalty ("GMR"), ½ of which may be purchased for \$1,000,000 and a 1% Net smelter royalty ("NSR"). In July 2022, the Government made changes to the claim grid area, the area now covered by 23 of the original mining claims are subject to a 1% NSR.

**9. PROPERTY AND EQUIPMENT**

	Equipment	Truck	Total
<b>COST</b>	\$	\$	\$
<b>As at June 30, 2021, and March 31, 2022</b>	112,186	147,056	259,242
Additions	36,481	-	36,481
<b>As at June 30, 2022</b>	148,667	147,056	295,723
Disposal	-	(24,531)	(24,531)
<b>As at March 31, 2023</b>	148,667	122,525	271,192

	Equipment	Truck	Total
<b>ACCUMULATED AMORTIZATION</b>	\$	\$	\$
<b>As at June 30, 2021</b>	12,546	50,331	62,877
Additions	9,715	13,965	23,680
<b>As at March 31, 2022</b>	22,261	64,296	86,557
Additions	14,773	15,053	29,826
<b>As at June 30, 2022</b>	37,034	79,349	116,383
Additions	16,745	15,084	31,829
Disposal	-	(17,860)	(17,860)
<b>As at March 31, 2023</b>	53,779	76,573	130,352

**GRANADA GOLD MINE INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three And Nine Months Ended March 31, 2023 and 2022**  
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**9. PROPERTY AND EQUIPMENT (continued)**

	Equipment	Truck	Total
	\$	\$	\$
<b>NET BOOK VALUE</b>			
As at June 30, 2021	99,640	96,725	196,365
As at March 31, 2022	89,925	82,760	172,685
As at June 30, 2022	111,633	67,707	179,340
<b>As at March 31, 2023</b>	<b>94,888</b>	<b>45,952</b>	<b>140,840</b>

During the year ended June 30, 2022, the Company disposed of a previously written off vehicle for \$300.

**10. SECURED LOANS PAYABLE**

On August 4, 2015, the Company entered into two loan agreements and a Supply and Services agreement for proceeds totaling \$800,000.

The first loan agreement is with an existing shareholder and is a demand loan for proceeds of \$200,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually.

The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US \$800 per ounce. The lender also has the option to participate in future financings but is not obliged to do so. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The second loan is from a company owned by a director of the Company and comprises a \$100,000 demand loan also over a three-year term at an interest rate of 8% calculated monthly and payable annually. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The third agreement is a Supply and Services non-interest bearing loan for \$500,000 over the 12 months following the execution of the loan agreement from a company owned by a director of the Company. The lender has the option to obtain loan principal repayments including interest as applicable, in gold valued at US \$800 per ounce if the Company reaches commercial production. The Supply and Services loan is to be used for specific projects on the property. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

On November 11, 2015 and January 8, 2016, the Company entered into a second and third loan agreement with an existing shareholder for a demand loan for proceeds of \$200,000 over a three- year term at an interest rate of 8% calculated monthly and payable annually. The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US \$800 per ounce. The lender also has the option to participate in future financings but is not obliged to do so. On February 28, 2022, the Company repaid the outstanding balance on these loans including interest totaling \$539,338.

**GRANADA GOLD MINE INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three And Nine Months Ended March 31, 2023 and 2022**  
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**(Unaudited)**

**10. SECURED LOANS PAYABLE (continued)**

On November 22, 2017, the Company entered into convertible loan agreements with existing shareholders for demand loans for proceeds of \$250,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually. The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US \$800 per ounce. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender. The outstanding principal amount of the loan is convertible into common shares of the Company at the option of the lender at any time at a conversion price of \$0.05 per share for the first year and then \$0.10 per share starting in the second year and until maturity. The conversion feature has been classified as an equity instrument with an estimated value of \$74,856 and has been included in equity reserves on the statement of financial position. The liability portion of the convertible debentures was estimated to be \$175,144 and was accreted to its face value over the 3 year term of the loan using an effective interest rate of 20%. The initial loan term expired on November 22, 2020 with a total of \$317,559 owing including accrued interest, and this amount was automatically renewed for another 3-year term, with the same loan features and terms. On February 28, 2022, the Company partially repaid the outstanding balance on these loans including interest totaling \$175,662. The outstanding balance of the loan at March 31, 2023, including accrued interest was \$184,087.

The Granada Gold property is registered as security against these loans. As a triggering event has not taken place, no value has been attributed to the derivative relating to the right of the lenders to demand repayment in gold valued at US \$800 per ounce.

Loan activity for the period ended March 31, 2023 and the year ended June 30, 2022 is as follows:

	<b>March 31, 2023</b>	June 30, 2022
	\$	\$
Opening balance	<b>1,182,329</b>	1,769,551
Interest accrual	<b>72,913</b>	127,778
Repayment	-	(715,000)
	<b>1,255,242</b>	1,182,329

**11. TRADE, OTHER PAYABLES AND PROVISIONS**

	<b>March 31, 2023</b>	June 30, 2022
	\$	\$
Trade payable	<b>595,916</b>	369,843
Due to related parties (note 14)	<b>2,667,708</b>	2,395,764
Part XII.6 taxes and interest (i)	<b>1,004,370</b>	947,519
Flow-through indemnification provision (ii)	<b>4,751,004</b>	4,521,831
	<b>9,018,998</b>	8,234,957

- (i) The Company has estimated potential Part XII.6 taxes in relation to unspent flow-through expenditures for fiscal years 2011 to 2017. During the period ended March 31, 2023, the Company had accrued an additional \$56,851 (June 30, 2022 - \$40,553) for Part XII.6 taxes, interest and penalties on the shortfall. See Note 16.
- (ii) The Company has estimated potential indemnity in relation to unspent flow-through expenditures for fiscal years 2011 to 2017. During the period ended March 31, 2023, the Company accrued an additional \$229,853 (June 30, 2022 - \$234,206) for indemnification and interest on the shortfall, and made settlements against the liability of \$680 (June 30, 2022 - \$33,749). See Note 16.

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## **12. SHARE CAPITAL**

### **12.1 Authorized share capital**

The Company has an authorized share capital of an unlimited number of shares with no par value.

As at March 31, 2023, the Company had 150,542,828 common shares issued and outstanding (June 30, 2022: 150,542,828).

### **12.2 Share issuance**

#### **Private placements**

On September 27, 2021, the Company closed a non-brokered private placement by way of issuing 7,857,143 Quebec flow-through units at a price of \$0.14 per Quebec flow-through unit raising gross proceeds of \$1,100,000. The Company also issued 2,500,000 units at a price of \$0.10 per unit raising proceeds of \$250,000. Each Quebec flow-through unit is comprised of one Quebec flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.20 per share, for a period of two years from closing. Each unit is comprised of one common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.15 per share for a period of 3 years from closing.

The Company paid finder fees in the amount of \$94,500 and issued 1,275,000 finder warrants in connection with the private placement. The finder warrants are on the same terms as the QFT warrants.

On December 21, 2021, the Company closed a non-brokered private placement by way of issuing 5,454,546 flow-through units at a price of \$0.11 per flow-through unit raising gross proceeds of \$600,000. Each flow-through unit is comprised of one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.15 per share, for a period of two years from closing.

The Company paid finder fees in the amount of \$48,000 and issued 436,362 finder warrants in connection with the private placement. The finder warrants are on the same terms as the flow-through warrants.

On April 1, 2022 the Company announced that it has closed a non-brokered private placement by way of issuing 12,053,333 units at a price of \$0.06 per unit raising gross proceeds of \$723,200. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.08 per share, for a period of three years from closing.

The Company paid finder fees in the amount of \$29,330 and issued 488,833 finder warrants in connection with the private placement. The finder warrants are on the same terms as the purchaser warrants.

#### **Exercise of Options**

No stock options were exercised during the period ended March 31, 2023. During the year ended June 30, 2022, 100,000 stock options were exercised at an exercise price of \$0.12 per share.

#### **Exercise of Warrants**

During the period ended March 31, 2023, the Company issued no common shares related to the exercise of warrants. During the year ended June 30, 2022, 7,292,500 warrants were exercised at exercises prices between \$0.12 and \$0.22 per share.

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**12. SHARE CAPITAL (continued)**

**12.2 Share issuance (continued)**

**Flow-through Premium**

During the period ended March 31, 2023, the Company recognized flow-through premiums totaling \$nil (June 30, 2022 - \$569,399) and recorded a recovery of flow-through premiums in the statements of loss totaling \$nil (year ended June 30, 2022 - \$569,399).

**12.3 STOCK OPTIONS**

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years from the date of grant. All options are subject to a four month holding period from the date of grant if granted at the price lower than the market price; options granted at market prices are not subject to the hold period. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company which may be reserved for the issuance shall be 10% of the issued and outstanding shares at the time of the option grant.

The following is a summary of the changes in the Company's stock option activities for the period ended March 31, 2023 and year ended June 30, 2022:

	March 31, 2023		June 30, 2022	
	Number of stock options	Weighted average exercise price (\$)	Number of stock options	Weighted average exercise price (\$)
<b>Outstanding, beginning of year</b>	<b>3,725,000</b>	<b>0.200</b>	7,508,625	0.215
Granted	1,525,000	0.050	-	-
Exercised	-	-	(100,000)	0.120
Expired or cancelled	(2,400,000)	0.240	(3,683,625)	0.232
<b>Outstanding, end of period</b>	<b>2,850,000</b>	<b>0.086</b>	3,725,000	0.200
<b>Exercisable, end of period</b>	<b>2,850,000</b>	<b>0.086</b>	3,725,000	0.200

The following table summarizes information regarding stock options outstanding and exercisable as at March 31, 2023:

Exercise Price (\$)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Weighted-average remaining contractual life (years)	Weighted-average exercise price (\$)
\$0.050-\$0.175	2,850,000	2,850,000	2.29	0.086
<b>Total</b>	<b>2,850,000</b>	<b>2,850,000</b>	<b>2.28</b>	

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**12. SHARE CAPITAL (continued)**

**12.3 STOCK OPTIONS (continued)**

On February 14, 2023, the Company announced that it granted stock options to its directors, officers, employee, and consultants to purchase an aggregate of 1,525,000 common shares in the capital of the Company. The stock options are exercisable for a term of three years at an exercise price of \$0.05 per share. Directors and officers were granted 600,000 stock options as part of the grant.

The weighted average fair value of the options granted during the period ended March 31, 2023 was estimated at \$0.0188 per option at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	<b>March 31, 2023</b>	June 30, 2022
Risk free interest rate	<b>3.87 %</b>	- %
Expected life	<b>3 years</b>	- years
Expected volatility	<b>117.20 %</b>	- %
Expected dividend per share	-	-
Share price	<b>0.03</b>	\$ -
Exercise price	<b>0.05</b>	\$ -

**12.4 WARRANTS**

**Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrant activities for the period ended March 31, 2023, and during the year ended June 30, 2022:

	<b>March 31, 2023</b>		<b>June 30, 2022</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
		<b>(\$)</b>		<b>(\$)</b>
<b>Outstanding, beginning of year</b>	<b>53,644,363</b>	<b>0.148</b>	33,642,140	0.164
Granted	-	-	22,159,373	0.121
Expired or cancelled	<b>(769,662)</b>	<b>0.191</b>	(2,157,150)	0.150
<b>Outstanding, end of year</b>	<b>52,874,701</b>	<b>0.134</b>	53,644,363	0.148

The following table summarizes information regarding share purchase warrant outstanding as at March 31, 2023:

<b>Exercise price (\$)</b>	<b>Number of warrants Outstanding</b>	<b>Weighted-average remaining contractual life (years)</b>	<b>Weighted-average exercise price (\$)</b>
0.075	9,053,800	1.50	0.075
0.080	12,542,166	2.01	0.080
0.120	10,191,166	2.12	0.120
0.150	4,413,635	0.94	0.150
0.175	400,000	0.19	0.180
0.180	6,861,806	0.58	0.180
0.200	5,203,572	0.41	0.200
0.280	4,208,556	0.41	0.280
<b>Total</b>	<b>52,874,701</b>	<b>0.90</b>	<b>0.134</b>

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**12. SHARE CAPITAL (continued)**

**12.4 WARRANTS (continued)**

On March 30, 2022, the Company extended the expiry date of 10,191,166 warrants were due to expire on May 13, 2022, and have an exercise price of \$0.12. The expiry date was extended by three years and the Warrants will now expire on May 13, 2025. All other terms and conditions remain constant.

Effective September 27, 2022, the Company amended the terms of 9,053,800 share purchase warrants by reducing the exercise price from \$0.15 per share to \$0.075 per share and extending the term of the warrants by two years so that the warrants will expire on September 27, 2024. Further the warrants will include an accelerated expiry clause such that the exercise period of the warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the Company's shares is \$0.095 or more. All other terms of the warrants remain the same.

During the year ended June 30, 2022, in conjunction with the private placements, the Company issued a total of 22,159,373 share purchase warrants.

The Company did not grant any warrants during the period ended March 31, 2023. The weighted average fair value of the warrants granted during the year ended June 30, 2022, was estimated at \$0.038 per warrant at the grant date using the Black-Scholes Pricing Model. The weighted average assumptions used for the calculation were:

	<b>March 31, 2023</b>	June 30, 2022
Risk free interest rate	- %	0.68 %
Expected life	- <b>years</b>	2.13 years
Expected volatility	- %	108 %
Expected dividend per share	-	-
Share price	\$ -	\$ 0.09
Exercise price	\$ -	\$ 0.18

**13. LOSS PER SHARE**

	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net loss for the period	<b>\$ (564,055)</b>	\$ (308,349)	<b>\$ (2,037,367)</b>	\$ (3,562,243)
Weighted average number of shares – basic and diluted	<b>150,542,848</b>	138,489,515	<b>150,542,848</b>	131,635,585
Loss per share, basic and diluted	<b>(0.004)</b>	<b>(0.002)</b>	<b>(0.014)</b>	<b>(0.027)</b>

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and warrants were anti-dilutive for the period ended March 31, 2023 and 2022.



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**14. RELATED PARTY TRANSACTIONS**

The Company determined that key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The Board of Directors (executive and non-executive), President and Chief Executive Officer and Chief Financial Officer are key management personnel.

The remuneration to key management personnel during the three and nine months ended March 31, 2023 and 2022 is as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Key management compensation	\$ 140,795	\$ 130,000	\$ 431,255	\$ 390,000
Stock-based compensation	-		11,270	-
	<b>140,795</b>	<b>130,000</b>	<b>442,525</b>	<b>390,000</b>

a) The Company retains the services of a company owned by an officer and director of the Company to carry out exploration work on its resource properties and for management services. During the nine months ended March 31, 2023, the total amount for such services provided was \$330,001 (March 31, 2022 – \$330,001) of which \$330,000 (March 31, 2022 – \$330,000) was recorded in exploration expenses and \$1 (June 30, 2022 - \$1) in professional fees. As at March 31, 2023, the Company has a balance of \$372,900 (June 30, 2022 - \$207,167) outstanding to the company owned by the officer and director. These amounts are unsecured, non-interest bearing and due on demand.

b) As of March 31, 2023, the Company owed \$2,667,708 (June 30, 2022 - \$2,395,764) to CCW, a related party in which there are three common directors and two common officers. These amounts are unsecured, non-interest bearing and due on demand.

c) During the period ended March 31, 2023, the Company recorded \$157,853 in equipment rental revenue (March 31, 2022 - \$68,300) from CCW, \$146,314 (June 30, 2022 - \$62,911) of which was recognized as amounts receivable on March 31, 2023. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

Also see notes 6, 10, 12.3, and 16.

**15. RECLAMATION OBLIGATION**

The Company's provision for closure and reclamation costs is based on management's estimates of the costs to rehabilitate the area explored as well as an estimate of the future timing of the costs to be incurred.

The Company has assessed its total provision to be \$404,370 (June 30, 2022 - \$394,501) based on a total future liability of approximately \$384,421, a discount rate of 3.10% and an inflation rate of 5.5%. Reclamation is estimated to commence in 5 years (June 30, 2022 – 5 years).

	Nine Months Ended March 31, 2023	Year Ended June 30, 2022
Opening Balance	\$ 394,501	\$ 380,079
Accretion	9,869	14,422
<b>Ending balance</b>	<b>404,370</b>	<b>394,501</b>

## **16. COMMITMENTS AND CONTINGENCIES**

### **Environmental obligations**

The Company's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether with the outcomes, the impacts or the deadline. As at March 31, 2023, to the best knowledge of its management, the Company is, in conformity with the laws and regulations.

### **Flow-through obligations**

The Company is partly financed by the issuance of flow-through shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian exploration expenditures, even if the Company has taken all the necessary measures for this purpose. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:

- i) Two years following the flow-through investment;
- ii) One year after the Company has renounced the tax deductions relating to the exploration work.

The Company received \$1,700,000 from flow-through share issuances. The Company believes the full amount will be spent on qualified exploration expenditures. As at March 31, 2023, the Company has \$745,510 remaining to be spent.

The Company has indemnified the subscribers of current and previous flow-through offerings against any tax related amounts that become payable by shareholders in the event the Company does not meet its expenditure commitment. See Note 11.

### **Canada Revenue Agency audit**

The Canada Revenue Agency ("CRA") is auditing certain of the Company's corporate tax returns and flow-through filings from 2012 to 2017 and has assessed that the Company had flow-through shortfalls in certain of those years. Accordingly, the Company has recorded a provision for the estimated cost to indemnify flow-through share subscribers for their possible personal income tax reassessments.

In estimating the liability, the Company has assumed the following:

- The subscribers would be taxable at the highest marginal personal tax rate;
- That all non-corporate subscribers are eligible for the federal 15% investment tax credit; and
- That Quebec subscribers are eligible for the 150% or 120% additional CEE deduction.

The ultimate amount owing and the timing of any payments to investors are highly uncertain as they are dependent on each taxpayer's individual tax situation as well as if, or when, they are reassessed by the CRA.

The Company has also accrued the estimated Part XII.6 tax and similar Quebec tax on the potential shortfalls.

The CRA has also assessed penalties of approximately \$2,200,000 which the Company has not accrued. The Company believes the assessment of these penalties is without merit and has filed Notices of Objection to dispute the assessment. The outcome of the Notices of Objection cannot be determined at this time and accordingly, no amounts have been accrued in these financial statements relating to the penalties.

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**16. COMMITMENTS AND CONTINGENCIES (continued)**

**Canada Revenue Agency audit (continued)**

A continuity of the provision for the shareholder indemnity for the period ended March 31, 2023 and year ended June 30, 2022 is as follows:

	<b>March 31, 2023</b>	June 30, 2022
	\$	\$
Opening balance	<b>4,521,831</b>	4,321,374
Accrual for additional provision and interest	<b>229,853</b>	234,206
Settlement against liability	<b>(680)</b>	(33,749)
<b>Ending balance</b>	<b>4,751,004</b>	<b>4,521,831</b>

**Service agreements**

The Company has consulting service agreements with related parties (certain officers and directors).

i) Effective January 1, 2007, and amended December 1, 2010, May 16, 2013 and March 1, 2015, the Company entered into a management agreement with Grupo Moje Limited (“Grupo”), a company owned by a director and officer of the Company to provide management services of Frank Basa in consideration for a nominal annual fee of \$1.

This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to Grupo equal to 480 ounces of gold with the dollar amounts to be calculated based on the price of gold on the date of termination of the agreement. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

ii) Effective January 1, 2014, the Company entered into a management agreement with Mineral Recovery Management Systems Corp. (“MRMSC”), a company controlled by Frank Basa and Elaine Basa, to provide project management, engineering and geological services to the Company in consideration of \$25,000 per month for the services of Frank Basa and \$11,666.67 per month for the services of Elaine Basa. Either party may terminate this agreement by giving a four months’ notice to the other, subject to certain provisions of the agreement.

**Claims, lawsuits and other complaints**

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company’s financial condition, operations or liquidity. The outcome of these litigations cannot be reasonably determined, as a result, no amounts have been accrued as at March 31, 2023.

## **17. FINANCIAL RISK MANAGEMENT**

### **Overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, including commodity price risk;
- foreign currency exchange risk;
- interest rate risk; and
- operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these unaudited condensed interim financial statements.

### **Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfills its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined.

The Company's risk and control framework is facilitated by the small-sized and hands-on executive team. There have been no changes in the risks, objectives, policies and procedures during the period ended March 31, 2023 and year ended June 30, 2022.

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and receivables.

#### **a) Cash and cash equivalents**

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper. Management believes the risk of loss to be minimal.

#### **b) Receivables**

When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations. Management believes that the credit risk with respect to financial instruments included in receivables is minimal.

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**17. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation. The Company generates cash flow primarily from its financing activities.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company has no significant long-term liabilities. All other contractually obligated cash flows are payable within the next fiscal year. Refer to Note 16 for details of the Company's flow-through commitments.

**Classification of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, trade, marketable securities, other payables and provisions, and secured loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and current market rates for similar financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2023 and June 30, 2022, the Company did not have any assets measured at fair value and that require classification within the fair value hierarchy, except for its marketable securities:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
March 31, 2023 - marketable securities	190,520	16,333	-	<b>206,853</b>
June 30, 2022 - marketable securities	285,780	57,051	-	<b>342,831</b>
<b>Total</b>	<b>476,300</b>	<b>73,384</b>	<b>-</b>	<b>549,684</b>

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate risk, and commodity prices will affect the Company's income, the value of its evaluation and exploration properties 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.

## **17. FINANCIAL RISK MANAGEMENT (continued)**

### **Market Risk (continued)**

#### **a) Commodity price risk**

The Company is exposed to price risk with respect to fluctuation in gold and silver prices which impacts the future economic feasibility of its mining interests. Gold and silver prices are affected by numerous factors such as the sale or purchase of gold and silver by various institutions, interest rates, exchange rates, inflations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world. As the Company is still in the exploration and evaluation stage, the fluctuation of gold and silver prices does not have a significant impact on the Company.

#### **b) Foreign currency exchange risk**

The Company is exposed to foreign currency exchange risk with respect to future gold and silver sales, since gold and silver sales are denominated in US dollars and the Company's functional and reporting currency is the Canadian dollar. The movement on US rates related to the Canadian dollar may impact the future economic feasibility of the Company's mining interests. As the Company is still in the exploration and evaluation stage, the fluctuation of the US dollar does not have a significant impact on the Company.

#### **c) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balance is to invest excess cash in financial instruments guaranteed by and held with a Canadian chartered bank.

#### **d) Price risk**

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

### **Sensitivity Analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- i) The Company receives low interest rates on its cash balances and carries debt with fixed interest rates. As such, the Company does not have significant interest rate risk.
- ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign currency risk.
- iii) The Company's receivables are composed primarily of refundable sales taxes owing from the government of Canada. As such, the Company does not have significant credit risk relating to its receivables.
- iv) The Company's marketable securities are comprised of common shares and warrants of CCW. A 10% change in the share price of the Company's marketable securities would result in a corresponding change to net loss in the amount of \$20,685 for the year ended March 31, 2023.

## **18. CAPITAL MANAGEMENT DISCLOSURES**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise and ability to raise financing of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of common shares, reserves and deficit, which as at March 31, 2023 totaled a shareholders' deficiency of \$9,604,184 (June 30, 2022 – \$7,595,462).

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company currently has no significant source of revenues, and therefore is dependent on external financing to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2023 and 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of March 31, 2023, the Company may not be compliant with all of the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

## **19. SUBSEQUENT EVENTS**

On May 26, 2023, the Company provided an update regarding the share for debt transaction originally announced on December 2, 2022. The Company has reached an agreement with a third party to repay the debt in the amended amount of \$286,482.67 through the issuance of 5,729,654 shares in the capital of the Company at a deemed price of \$0.05 per share. The shares for debt transaction remains subject to the acceptance from the TSX Venture Exchange. All securities issued in connection with the shares for debt transaction will be subject to a four-month and a day hold period in accordance with applicable Canadian Securities Laws.