



June 30, 2023 and 2022

Financial Statements
(Expressed in Canadian Dollars)

- Independent Auditor's Report
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- Statements of Changes in Shareholders' Equity (Deficiency)
- Statements of Comprehensive Loss
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Independent Auditor's Report

To the Shareholders of:
GGX GOLD CORP.

Opinion

We have audited the financial statements of GGX Gold Corp. ("the Company"), which comprise the statements of financial position as at June 30, 2023 and June 30, 2022 and the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and June 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$689,697 during the year ended June 30, 2023, and as of that date, had accumulated losses since inception of \$13,295,067. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
October 23, 2023



GGX GOLD CORP.

Statements of Financial Position

As at June 30, 2023 and 2022

(Expressed in Canadian Dollars)

| | Note | 2023 \$ | 2022 \$ |
|--|-------|---------------------|---------------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash | | 44 | 3,083 |
| GST Recoverable | | 3,317 | 7,723 |
| Marketable Securities | 4 | - | 2,645 |
| | | <u>3,361</u> | <u>13,451</u> |
| NON-CURRENT | | | |
| Investments | 5 | 21,762 | 21,214 |
| Property and Equipment | 7 | 9,059 | 14,603 |
| Reclamation Bond | 6 | 21,500 | 21,500 |
| | | <u>55,682</u> | <u>70,768</u> |
| LIABILITIES | | | |
| CURRENT | | | |
| Accounts Payable and Accrued Liabilities | | 1,174,035 | 845,707 |
| Due to Related Parties | 12(b) | 94,082 | 89,082 |
| Loans Payable | 10 | 602,063 | 505,102 |
| | | <u>1,870,180</u> | <u>1,439,891</u> |
| SHAREHOLDERS' DEFICIENCY | | | |
| Share Capital | 9 | 10,969,940 | 10,903,618 |
| Share Subscriptions Received in Advance | 9 | 178,000 | - |
| Stock Options Reserve | | 332,239 | 471,938 |
| Share Purchase Warrants Reserve | | 390 | 34,491 |
| Deficit | | <u>(13,295,067)</u> | <u>(12,779,170)</u> |
| | | <u>(1,814,498)</u> | <u>(1,369,123)</u> |
| | | <u>55,682</u> | <u>70,768</u> |

Nature of Business and Ability to Continue as a Going Concern (Note 1)

Contingent Liability (Note 17)

Subsequent Event (Note 18)

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

Approved on Behalf of the Board:

“Barry Brown”

Barry Brown, Director

“Scott Kent”

Scott Kent, Director

GGX GOLD CORP.

Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

| | Note | Number of Common Shares | Share Capital \$ | Share Subscriptions Received in Advance \$ | Stock Options Reserve \$ | Share Purchase Warrants Reserve \$ | Deficit \$ | Total Shareholders' Equity (Deficiency) \$ |
|---|----------|-------------------------------|------------------------|--|-----------------------------------|--|---------------|--|
| Balance, June 30, 2021 | | 32,617,348 | 10,690,019 | 10,000 | 673,083 | 41,724 | (11,570,003) | (155,177) |
| Shares Issued for Cash | 9(b)(i) | 2,012,333 | 231,418 | - | - | - | - | 231,418 |
| Share Subscriptions Refunded | | - | - | (10,000) | - | - | - | (10,000) |
| Shares Issued as Finders' Fees | 9(b)(i) | 49,050 | 5,150 | - | - | - | - | 5,150 |
| Share Issuance Costs | | - | (22,824) | - | - | - | - | (22,824) |
| Fair Value of Options Expired | | - | - | - | (225,424) | - | 225,424 | - |
| Fair Value of Agents' Warrants Issued | 9(e)(f) | - | (145) | - | - | 145 | - | - |
| Fair Value of Agents' Warrants Expired | | - | - | - | - | (7,378) | 7,378 | - |
| Share-Based Compensation | 9(c)(f) | - | - | - | 24,279 | - | - | 24,279 |
| Net Comprehensive Loss | | - | - | - | - | - | (1,441,969) | (1,441,969) |
| Balance, June 30, 2022 | | 34,678,731 | 10,903,618 | - | 471,938 | 34,491 | (12,779,170) | (1,369,123) |
| Shares Issued for Cash | 9(b)(ii) | 1,375,000 | 68,750 | - | - | - | - | 68,750 |
| Share Subscriptions Received in Advance | | - | - | 178,000 | - | - | - | 178,000 |
| Share Issuance Costs | | - | (2,428) | - | - | - | - | (2,428) |
| Fair Value of Options Expired | | - | - | - | (139,699) | - | 139,699 | - |
| Fair Value of Agents' Warrants Expired | | - | - | - | - | (34,101) | 34,101 | - |
| Net Comprehensive Loss | | - | - | - | - | - | (689,697) | (689,697) |
| Balance, June 30, 2023 | | 36,053,731 | 10,969,940 | 178,000 | 332,239 | 390 | (13,295,067) | (1,814,498) |

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

GGX GOLD CORP.

Statements of Comprehensive Loss

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

| | Note | 2023 \$ | 2022 \$ |
|--|----------|-------------------|--------------------|
| EXPENSES | | | |
| Advertising and Marketing | | 150,000 | 203,005 |
| Consulting | | 4,000 | 19,125 |
| Depreciation | | 5,544 | 5,548 |
| Exploration | 8 | 57,693 | 306,614 |
| Interest on Loans Payable | 10 | 63,553 | 34,109 |
| Management and Administrative Fees | 12(a)(i) | 374,500 | 261,000 |
| Office | | 3,157 | 9,367 |
| Professional Fees | | 34,050 | 26,000 |
| Rent | | 48,000 | 42,000 |
| Share-Based Compensation | | - | 24,279 |
| Transfer Agent and Regulatory Fees | | 27,634 | 42,269 |
| | | <u>(768,131)</u> | <u>(973,316)</u> |
| LOSS BEFORE OTHER ITEMS | | | |
| Adjust Marketable Securities to Fair Value | 4 | - | (3,335) |
| Gain on Sale of Marketable Securities | 4, 5 | 345 | 1,110 |
| Gain on Write-Off of Accounts Payable | | - | 23,625 |
| Investment Income | 5 | 36,291 | 22,781 |
| Loss on Derecognition of Investments | 5 | - | (525,932) |
| Reversal of Flow-Through Share Premium Liability | | 41,250 | 70,432 |
| Unrealized Gain (Loss) on Investments | 5 | 548 | (57,334) |
| | | <u>(689,697)</u> | <u>(1,441,969)</u> |
| NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR | | | |
| Basic and Diluted Loss per share | | <u>(0.02)</u> | <u>(0.04)</u> |
| Weighted Average Number of Common Shares Outstanding | | <u>35,371,882</u> | <u>32,885,881</u> |

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

GGX GOLD CORP.

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|---|-----------|-------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net Loss for the Year | (689,697) | (1,441,969) |
| Items Not Affecting Cash: | | |
| Adjust Marketable Securities to Fair Value | - | 3,335 |
| Depreciation | 5,544 | 5,548 |
| Flow-Through Share Premium Liability Recovery | (41,250) | (70,432) |
| Gain on Sale of Marketable Securities | (345) | (1,110) |
| Gain on Write-Off of Accounts Payable | - | (23,625) |
| Loss on Derecognition of Investments | - | 525,932 |
| Share-Based Compensation | - | 24,279 |
| Unrealized Loss (Gain) on Investments | (548) | 57,334 |
| | (726,296) | (920,708) |
| Changes in Non-Cash Working Capital Items: | | |
| GST Recoverable | 4,406 | 8,769 |
| Accounts Payable and Accrued Liabilities | 328,328 | 95,868 |
| Due to Related Parties | 5,000 | - |
| Loan Interest Payable | 63,003 | 15,302 |
| | (325,559) | (800,769) |
| FINANCING ACTIVITIES | | |
| Shares Issued for Cash | 110,000 | 301,850 |
| Share Issuance Costs | (2,428) | (17,674) |
| Share Subscriptions Received (Refunded) | 178,000 | (10,000) |
| Loan Proceeds (Net) | 33,958 | 489,800 |
| | 319,530 | 763,976 |
| INVESTING ACTIVITY | | |
| Proceeds from Sale of Marketable Securities | 2,990 | 31,450 |
| DECREASE IN CASH | (3,039) | (5,343) |
| Cash, Beginning of Year | 3,083 | 8,426 |
| CASH, END OF YEAR | 44 | 3,083 |

Supplemental Cash Flow Information (Note 14)

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

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF BUSINESS AND ABILITY TO CONTINUE AS A GOING CONCERN

GGX Gold Corp. (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company’s corporate office and its principal place of business is 888 Dunsmuir Street, Suite 888, Vancouver, BC, V6C 3K4. The Company is a reporting issuer and trades on the TSX Venture Exchange (“TSX-V”) in Canada under the symbol “GGX”. On October 11, 2016, the Company changed its name from Revolver Resources Inc. to GGX Gold Corp.

The Company is currently focusing its financial resources on the Gold Drop property option (Note 8). The Company has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable mineral reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

As at June 30, 2023, the Company has an accumulated deficit of \$13,295,067 and working capital deficiency of \$1,866,819, and incurred a net loss of \$689,697 for the year. The Company expects to seek additional equity financing to accomplish its business plan over the next several years. While the Company believes it can raise the funds needed to sufficiently meet its planned exploration expenditures and corporate administration costs in the next twelve months, there remains material uncertainty on the Company’s ability to continue as a going concern should it not be able to raise additional funds to carry out its business plan beyond next year. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss which are stated at their fair value.

These audited financial statements were approved and authorized for issue by the Board of Directors on October 23, 2023.

b) Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is provided on a declining basis using the following rates, except in the year of acquisition, when one half of the rates are used:

| | |
|-------------------------|-----|
| Vehicles | 30% |
| Furniture and Equipment | 20% |
| Exploration Equipment | 25% |

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

e) Exploration and Evaluation Assets

Expenditures related to the acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of comprehensive loss.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

d) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

e) Provisions

(i) Decommissioning and Restoration Provision

Future obligations to retire an asset, including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The provision is accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to financing expense in the statement of comprehensive income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at June 30, 2023 and 2022, the Company has no material decommissioning and restoration provision.

(ii) Other Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

f) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the date the shares are issued.

On June 14, 2019, the Company consolidated its share capital, options, warrants at a ratio of three old common shares to one new common share. The financial statements reflect the retroactive application of this share consolidation.

g) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Upon the expiry or cancellation of stock options and other share-based payments, their fair value previously recorded in reserve is transferred to deficit.

h) Flow-Through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

To account for flow-through units, on issuance, the Company allocates flow-through share proceeds into i) share capital, equal to the market value of the shares, ii) a flow-through share premium liability, equal to the estimated premium investors pay for the flow-through feature, and iii) reserve for warrants, equal to the remaining proceeds received.

The amount recorded as a liability relating to the sale of tax benefits is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized in profit or loss. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation.

i) Reserves

Stock options reserve and share purchase warrants reserve are used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and agent's warrants is determined on the date of grant using the Black-Scholes Model (Note 2(g)). Fair value of a warrant attached to a private placement unit is determined using the residual method (Note 2(f)).

j) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

k) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

l) Refundable Mining Tax Credits

The Company qualifies for refundable mining tax credits on eligible mining exploration expenditures incurred in the Province of British Columbia, Canada. This tax credit is applied against exploration expenditures incurred and recorded as tax credit receivable when the terms and conditions of the government mineral exploration assistance program have been complied with, the credit can be reasonably estimated, and collection is reasonably assured.

m) Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 “Leases”, and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has determined there is no impact of this standard on its financial statements.

n) Financial Instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

n) Financial Instruments (Continued)

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant areas where management's judgment has been applied include the following:

- Classifying categories of financial assets and financial liabilities in accordance with IFRS 9, Financial instruments: recognition and measurement;
- The recoverability of the carrying value of the mineral property interests is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest; and
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods.

Significant areas requiring the use of management estimates and assumptions include the following:

a) Useful Lives of Property and Equipment

Management reviews the useful lives of property and equipment at each reporting date, based on the expected utility of these assets to the Company. Actual useful lives of these assets may differ from the estimate.

b) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

c) Fair Value of Investments in Warrants

Management uses Black-Scholes option pricing model in measuring the fair value of investment in warrants, where active market quotes are not available. In applying the valuation technique, management is required to determine and make assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

d) Share-Based Compensation

The fair value of stock-based compensation is 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.

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e) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 4 – MARKETABLE SECURITIES

Marketable securities consist of a portfolio of investments held for trading. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market. These marketable securities are comprised of common shares of publicly traded companies and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the statement of operations.

| | 2023 | 2022 |
|--|----------|--------------|
| | \$ | \$ |
| Opening Balance | 2,645 | 36,320 |
| Marketable Securities Sold at Cost | (2,645) | (30,340) |
| Adjust Marketable Securities to Fair Value | - | (3,335) |
| | <u>-</u> | <u>2,645</u> |

NOTE 5 – INVESTMENTS

The Company classifies its investments in shares of private companies as FVTPL. They are carried at cost as they do not have a quoted price in an active market and their fair value cannot be reliably measured.

a) The J2 Syndicate

In July 2016, the Company acquired a 9% interest in the private J2 Syndicate (the "Syndicate") for a cash payment of \$225,000. The Syndicate was formed to pool resources amongst its members, with the objective of identifying and exploring mineral properties in northwestern British Columbia and marketing any resulting property interest with the intention to option or sell the property interests.

During the year ended June 30, 2017, the Company received \$27,000 and 891,000 units of Goliath Resources Inc with a fair value of \$89,100 for the option of four of Syndicate mineral properties. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit against the cost of the Syndicate investment.

In fiscal 2018, the Company received a disbursement of \$54,000 from the Syndicate, along with 1,476,000 shares of Juggernaut Exploration Ltd. (*formerly Ardonblue Ventures Inc.*), with a value of \$221,400. The Company recorded a gain on investments of \$269,055 for the year ended June 30, 2018.

During the year ended June 30, 2020, the Company received 73,800 Juggernaut shares with a fair market value of \$12,546 for the option of two properties. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. The Company recorded a loss on sale of marketable securities of \$20,216 for the year ended June 30, 2020.

During the year ended June 30, 2021, the Company received 306,000 Juggernaut shares with a fair market value of \$48,960 and 306,000 warrants valued at \$30,305 for the option of two properties. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. For the year ended June 30, 2021, the Company recorded a gain on sale of marketable securities of \$170,462. Based on 306,000 warrants held by the Company as at June 30, 2021, the warrants were revalued to fair market value at \$64,060 (2020 – \$Nil) using the Black-Scholes option pricing model.

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During the year ended June 30, 2023, the Company revalued the 306,000 warrants held to market value at \$21,762 (2022 - \$21,214) using the Black-Scholes option pricing model. The Company received \$36,291 (2022 - \$22,781) cash. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. The Company recorded a gain on sale of marketable securities of \$345 (2022 - \$1,110).

b) Goliath Resources Limited

The Company's investment in Goliath Resources Inc ("Goliath Inc") consisted of 891,000 common shares with a value of \$45,090 and 891,000 warrants with a value of \$44,010. Goliath Inc was a private junior exploration company in British Columbia and was acquired by Bitumen Capital Inc. ("Bitumen"), with the resulting entity being Goliath Resources Limited ("Goliath"), a public company listed on the TSX-V.

These shares and warrants were received as a result of 891,000 units of Goliath Inc being distributed from the Syndicate during the year ended June 30, 2017 (Note 5(a)). The value of the units was determined to be \$0.10 per unit based on the most recent private placement subscription price of Goliath Inc's units on the date the units were issued. The unit value was first allocated to the attached warrants using the Black-Scholes option pricing model, and the balance was allocated to the shares.

On October 17, 2017, Goliath completed the reverse take-over and the Company received 1,376,550 common shares with a value of \$0.10 per unit and 1,376,550 warrants with a value of \$0.10 per unit. The 1,376,550 common shares and warrants are in replacement of 891,000 common shares and warrants subject to value escrow, released over 36 months, every six months in release of 10% and 15% thereafter.

For the year ended June 30, 2020, based on 793,450 warrants held by the Company, the warrants were fair valued at \$166,070 (2019 – NIL) using the Black-Scholes option pricing model.

On May 5, 2020, the Company received 351,000 Goliath shares with a fair value of \$49,140 as part of an amended agreement. As part of the same issuance, the Company received 351,000 warrants in the year ended June 30, 2021, valued at \$66,828 using the Black-Scholes option pricing model. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. The shares are recorded in Marketable Securities. The warrants are recorded in Investments.

In January 2021, the Company received 117,000 Goliath shares with a fair value of \$49,140 as part of an amended agreement. As part of the same issuance, the Company received 117,000 warrants in the year ended June 30, 2021, valued at \$46,336 using the Black-Scholes option pricing model. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. The shares are recorded in Marketable Securities. The warrants are recorded in Investments.

During the year ended June 30, 2021, the warrants received in the year were exercised, and the Company recorded a loss on derecognition of investments in warrants in the amount of \$115,164. Based on 793,450 warrants held by the Company as at June 30, 2021, the warrants were revalued to fair market value at \$540,420 (2020 - \$166,070) using the Black-Scholes option pricing model.

In July 2021, the 793,450 warrants held were exchanged for 52,897 Goliath warrants as a result of a share consolidation at 15:1. The Company recorded a loss on derecognition of investment in warrants in the amount of \$525,932 using the Black-Scholes option pricing model.

In April 2022, the 52,897 Goliath warrants expired.

NOTE 6 – RECLAMATION BOND

The Company posted a non-interest-bearing reclamation bond in August 2019 against any potential land restoration costs that may be incurred in the future on its mineral properties. The funds are held in trust and may be released after any required reclamation is satisfactorily completed. As at June 30, 2023, the amount on deposit is \$21,500 (2022 - \$21,500) with respect to the Gold Drop Property.

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NOTE 7 – PROPERTY AND EQUIPMENT

| | Vehicles \$ | Furniture and Equipment \$ | Total \$ |
|---------------------------------------|----------------|----------------------------------|-------------|
| COSTS | | | |
| Balance, June 30, 2021, 2022 and 2023 | 23,077 | 13,300 | 36,377 |
| ACCUMULATED DEPRECIATION | | | |
| Balance, June 30, 2021 | 7,918 | 8,308 | 16,226 |
| Depreciation | 4,549 | 999 | 5,548 |
| Balance, June 30, 2022 | 12,467 | 9,307 | 21,774 |
| Depreciation | 4,546 | 998 | 5,544 |
| Balance, June 30, 2023 | 17,013 | 10,305 | 27,318 |
| NET BOOK VALUE | | | |
| Balance, June 30, 2022 | 10,610 | 3,993 | 14,603 |
| Balance, June 30, 2023 | 6,064 | 2,995 | 9,059 |

NOTE 8 – EXPLORATION AND EVALUATION ASSET

The Company records its expenditures related to the acquisition, exploration, and development of mineral properties in profit or loss in the period in which they are incurred. Cumulative acquisition and exploration costs incurred by the Company to June 30, 2023 on its mineral property are summarized below.

Gold Drop Property, British Columbia, Canada

| | |
|-------------------------------|-----------|
| | \$ |
| Balance, June 30, 2021 | 6,862,347 |
| Exploration Costs | 306,614 |
| Balance, June 30, 2022 | 7,168,961 |
| Exploration Costs | 57,693 |
| Balance, June 30, 2023 | 7,226,654 |

On June 21, 2016, the Company entered into an option agreement with Ximen Mining Corp. (“Ximen”), a company with a common director and a common officer, to acquire a 100% interest in the Gold Drop Property located about nine kilometers northeast from Greenwood, British Columbia, in the Greenwood Gold Mining district. Pursuant to the option payments, the Company is required to make cash payments, issue shares, and meet exploration expenditure requirements as follows:

Cash Payments

| | |
|---|---------|
| | \$ |
| On Execution of the Agreement (Paid) | 50,000 |
| Upon TSX-V approval on July 26, 2016 (Paid) | 50,000 |
| On or Before July 26, 2017 (Paid) | 100,000 |
| On or Before July 26, 2018 (Equivalent value in stock issued) | 100,000 |
| On or Before July 26, 2019 (Paid) | 100,000 |
| | 400,000 |

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Share Issuances

Pursuant to the option agreement, the Company issued 333,333 common shares with a fair value of \$200,000 on July 27, 2016, following TSX Venture approval. In July 2017 and March 2018, the Company issued, respectively, 250,000 common shares with a fair value of \$150,000, and 833,333 common shares with a fair value of \$250,000. The Company is required to issue additional common shares with a value of \$150,000 on or before July 26, 2019. On August 21, 2019, the Company issued 600,000 common shares with a fair value of \$159,000.

Exploration Expenditures

Work commitments of \$1,000,000 were required to be performed on or before July 26, 2019, but not less than \$150,000 per year on or before July 26, 2017, July 26, 2018, and July 26, 2019.

The option agreement was completed in the year ended June 30, 2020. The Company has earned a 100% interest in the Gold Drop Property.

Ximen will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which the Company may buy down 1% of the NSR Royalty by paying \$1,000,000.

NOTE 9 – SHARE CAPITAL

a) Authorized Share Capital and Share Consolidation

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at June 30, 2023, the Company had 36,053,731 common shares issued and outstanding.

i) Shares issued in 2022

- On May 13, 2022, the Company issued 2,012,333 flow-through units at \$0.15 per unit for total proceeds of \$301,850. Each unit consists of one common share that qualifies as a flow-through share and one share purchase warrant exercisable at \$0.20 for 18 months from the date of issuance. The Company paid finder’s fees totalling \$15,415 and issued 4,667 agents’ warrants fair market valued at \$145, exercisable at \$0.20 per share for a period of 18 months after closing. The Company also issued 49,050 shares as finder’s fees; fair market valued at \$5,150.

ii) Shares issued in 2023

- In December 2022, the Company issued 1,375,000 flow-through units at \$0.08 per unit for total proceeds of \$110,000. Each unit consists of one common share that qualifies as a flow-through share and one share purchase warrant exercisable at \$0.10 for 24 months from the date of issuance. A flow-through premium liability of \$41,250 was calculated of which \$41,250 was recovered based on renunciation. The Company has a flow-through qualified mining commitment of \$52,501 remaining as at June 30, 2023.
- During the year ended June 30, 2023, the Company received \$178,000 in share subscription deposits for a future private placement.

c) Stock Options

Under the Company’s stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at the time of grant. Under the plan, the exercise price of an option may not be less than the closing market price of the Company’s shares prevailing on the day that the option is granted. The options may have a maximum term of ten years and be vested at the discretion of the board of directors.

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The continuity schedules of the stock options for the years ended June 30, 2023, and 2022 are as follows:

As at June 30, 2023, 1,741,667 options, with an average exercise price of \$0.22 per share and an average remaining life of 1.54 years, were vested.

| Expiry Date | Exercise Price | June 30, 2022 | Granted | Exercised | Expired/Cancelled | June 30, 2023 |
|--------------------|----------------|---------------|---------|-----------|-------------------|---------------|
| August 1, 2022 | \$0.60 | 250,000 | - | - | (250,000) | - |
| April 25, 2024 | \$0.30 | 166,667 | - | - | - | 166,667 |
| August 30, 2024 | \$0.22 | 1,000,000 | - | - | - | 1,000,000 |
| July 10, 2025 | \$0.22 | 400,000 | - | - | - | 400,000 |
| September 23, 2026 | \$0.16 | 175,000 | - | - | - | 175,000 |
| | | 1,991,667 | - | - | (250,000) | 1,741,667 |

| Expiry Date | Exercise Price | June 30, 2021 | Granted | Exercised | Expired/Cancelled | June 30, 2022 |
|--------------------|----------------|---------------|---------|-----------|-------------------|---------------|
| October 27, 2021 | \$0.795 | 183,333 | - | - | (183,333) | - |
| April 10, 2022 | \$0.30 | 283,333 | - | - | (283,333) | - |
| August 1, 2022 | \$0.60 | 250,000 | - | - | - | 250,000 |
| April 25, 2024 | \$0.30 | 166,667 | - | - | - | 166,667 |
| August 30, 2024 | \$0.22 | 1,000,000 | - | - | - | 1,000,000 |
| July 10, 2025 | \$0.22 | 400,000 | - | - | - | 400,000 |
| September 23, 2026 | \$0.16 | - | 175,000 | - | - | 175,000 |
| | | 2,283,333 | 175,000 | - | (466,666) | 1,991,667 |

d) Share Purchase Warrants

The continuity schedules of warrants for the years ended June 30, 2023 and 2022 are as follows:

The average weighted exercise price of the warrants as at June 30, 2023 is \$0.19.

| Expiry Date | Exercise Price | June 30, 2022 | Issued | Exercised | Expired/Cancelled | June 30, 2023 |
|-------------------|----------------|---------------|-----------|-----------|-------------------|---------------|
| July 5, 2022 | \$0.60 | 233,333 | - | - | (233,333) | - |
| July 9, 2022 | \$0.12 | 2,000,000 | - | - | (2,000,000) | - |
| August 17, 2022 | \$0.75 | 783,333 | - | - | (783,333) | - |
| November 13, 2023 | \$0.20 | 2,012,333 | - | - | - | 2,012,333 |
| March 15, 2024 | \$0.2438 | 2,050,581 | - | - | - | 2,050,581 |
| December 28, 2024 | \$0.10 | - | 1,375,000 | - | - | 1,375,000 |
| | | 7,079,580 | 1,375,000 | - | (3,016,666) | 5,437,914 |

The average weighted exercise price of the warrants as at June 30, 2022 is \$0.26.

| Expiry Date | Exercise Price | June 30, 2021 | Issued | Exercised | Expired/Cancelled | June 30, 2022 |
|-------------------|----------------|---------------|-----------|-----------|-------------------|---------------|
| June 10, 2022 | \$0.12 | 2,000,000 | - | - | (2,000,000) | - |
| June 15, 2022 | \$0.20 | 3,052,500 | - | - | (3,052,500) | - |
| July 5, 2022 | \$0.60 | 233,333 | - | - | - | 233,333 |
| July 9, 2022 | \$0.12 | 2,000,000 | - | - | - | 2,000,000 |
| August 17, 2022 | \$0.75 | 783,333 | - | - | - | 783,333 |
| November 13, 2023 | \$0.20 | - | 2,012,333 | - | - | 2,012,333 |
| March 15, 2024 | \$0.2438 | 2,050,581 | - | - | - | 2,050,581 |
| | | 10,119,747 | 2,012,333 | - | (5,052,500) | 7,079,580 |

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e) Agents' Warrants

The continuity schedules of agents' warrants for the years ended June 30, 2023 and 2022 are as follows:

| Expiry Date | Exercise Price | June 30, 2022 | Issued | Exercised | Expired/Cancelled | June 30, 2023 |
|-------------------|----------------|---------------|--------|-----------|-------------------|---------------|
| July 5, 2022 | \$0.60 | 1,000 | - | - | (1,000) | - |
| August 17, 2022 | \$0.75 | 69,167 | - | - | (69,167) | - |
| November 13, 2023 | \$0.20 | 4,667 | - | - | - | 4,667 |
| | | 74,834 | - | - | (70,167) | 4,667 |

| Expiry Date | Exercise Price | June 30, 2021 | Issued | Exercised | Expired/Cancelled | June 30, 2022 |
|-------------------|----------------|---------------|--------|-----------|-------------------|---------------|
| June 15, 2022 | \$0.20 | 67,500 | - | - | (67,500) | - |
| July 5, 2022 | \$0.60 | 1,000 | - | - | - | 1,000 |
| August 17, 2022 | \$0.75 | 69,167 | - | - | - | 69,167 |
| November 13, 2023 | \$0.20 | - | 4,667 | - | - | 4,667 |
| | | 137,667 | 4,667 | - | (67,500) | 74,834 |

f) Share-Based Payments

During the year ended June 30, 2023, the Company recognized stock-based compensation expense of \$Nil (2022 - \$24,279) for Nil stock options (2022 - 175,000) that were granted and vested in the year.

During the year ended June 30, 2023, the Company recognized stock-based compensation expense of \$Nil (2022 - \$145) in share issuance costs for Nil agents' warrants (2022 - 4,667) issued in the year.

The fair values of stock options and agents' warrants granted have been estimated using the Black-Scholes option pricing model with the following assumptions made during the years ended June 30, 2023 and 2022:

| | 2023 | 2022 |
|---------------------------------------|------|---------------------|
| Risk-Free Annual Interest Rate | - | 0.98% to 2.56% |
| Expected Stock Price Volatility | - | 89% - 133% |
| Expected Life of Options and Warrants | - | 1.5 Years - 5 Years |
| Expected Annual Dividend Yield | - | 0% |

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options and agents' warrants.

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NOTE 10 - LOANS PAYABLE

During the year ended June 30, 2023, the Company received \$76,900 (2022 - \$501,700) in loans from various groups, unrelated to the Company. All loans are unsecured, accruing interest at 10%, 12% or 18%. For the year ended June 30, 2023, the Company incurred a total \$63,553 (2022 - \$34,109) in interest and repaid \$39,892 (2022 - \$30,707) including \$550 (2022 - \$106) in interest. As at June 30, 2023, a total of \$602,063 (2022 - \$505,102) was payable.

NOTE 11 – FLOW-THROUGH SHARE PREMIUM LIABILITY

The Company enters into flow-through share subscription agreements from time to time whereby it commits to incur qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance and the fair value of share purchase warrants issued are set up as a liability at the time these shares are issued. Funds raised through the issuance of flow-through shares are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation.

For the year ended June 30, 2023, the Company entered into a flow-through share subscription agreement whereby it committed to incur a total of \$110,000 (2022 - \$301,850) of qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance is recognized as a flow-through share premium liability of \$41,250 (2022 - \$70,432). The Company reversed \$41,250 (2022 - \$70,432) of this flow-through share premium liability. The Company has a commitment to incur a further \$52,501 in mineral exploration expenditures in year 2.

NOTE 12 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes directors and senior management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions are in the normal course of operations and are measured at their exchange amount. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements, are described below.

a) Compensation of Key Management Personnel

| | 2023 | 2022 |
|--|--------|--------|
| | \$ | \$ |
| Management and Administrative Fees (i) | 25,000 | 27,000 |

- i) During the year ended June 30, 2023, the Company incurred management and administrative fees of \$25,000 (2022 – \$27,000) to a director and officer.

b) Related Party Balances

Amounts owed to related parties are non-interest bearing, unsecured, and have no specified terms of repayment.

| | | |
|---|--------|--------|
| Due to an Officer for Management Fees | 5,000 | - |
| Due to a company with a common director and officer for exploration expenditures and other expenses | 89,082 | 89,082 |
| | 94,082 | 89,082 |

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NOTE 13 – INCOME TAXES

a) Provision for Income Taxes

The income tax recovery of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss by applying the combined federal and provincial income tax rate of 27.0% (2022 – 27.0%) as follows:

| | 2023 | 2022 |
|---|-----------|-----------|
| | \$ | \$ |
| Expected Income Tax Recovery at Statutory Tax Rates | (186,000) | (389,000) |
| Permanent Differences | 29,000 | 26,000 |
| Change in Valuation Allowance | 158,000 | 301,000 |
| Change in Opening Tax Balances | - | 67,000 |
| Share Issuance Costs | (1,000) | (5,000) |
| | <hr/> | <hr/> |
| Income Tax Recovery | - | - |

b) Deferred Tax Assets and Liabilities

As at June 30, 2023 and 2022, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company's deferred tax assets not recognized consist of the following amounts:

| | | |
|--|-----------|-----------|
| Non-Capital Losses Carryforward | 1,843,000 | 1,666,000 |
| Exploration and Evaluation Assets | 1,276,000 | 1,290,000 |
| Property and Equipment | 8,000 | 6,000 |
| Share Issuance Costs | 9,000 | 16,000 |
| | <hr/> | <hr/> |
| Net Deferred Tax Assets Not Recognized | 3,136,000 | 2,978,000 |

As at June 30, 2023, the Company has non-capital losses of approximately \$6,824,000 and share issuance costs of approximately \$34,000 that may be applied against future income for Canadian income tax purposes. Share issuance costs expire through to 2027. The non-capital losses expire as follows:

| | \$ |
|-------------|-----------|
| 2030 | 117,000 |
| 2031 | 286,000 |
| 2032 | 344,000 |
| 2033 | 594,000 |
| 2034 | 680,000 |
| 2035 | 291,000 |
| 2036 | 260,000 |
| 2037 - 2043 | 4,252,000 |
| | <hr/> |
| | 6,824,000 |

c) Flow-Through Expenditures

In December 2022, the Company issued flow-through shares raising gross proceeds of \$110,000. The Company renounced \$110,000 of the required mineral exploration expenditures in the year ended June 30, 2023. There was a flow-through share premium liability associated with this private placement in the amount of \$41,250 of which \$41,250 was reversed to profit and loss based on the renunciation.

As a result of the issuance of flow-through shares in December 2022, the Company has a remaining commitment to incur \$52,501 in qualifying Canadian exploration expenditures on or before December 31, 2024.

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NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

a) Composition of Cash

| | 2023 | 2022 |
|------|------|-------|
| | \$ | \$ |
| Cash | 44 | 3,083 |

b) Significant Non-Cash Financing Activities

| | | |
|--|---|-------|
| Shares Issued for Finders' Fees | - | 5,150 |
| Fair Value of Agents' Warrants Issued for Private Placements | - | 145 |
| | - | 5,295 |

c) Other Items

| | | |
|-------------------|---|---|
| Income Taxes Paid | - | - |
| Interest Paid | - | - |

NOTE 15 – FINANCIAL INSTRUMENTS AND RISKS

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 – 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 carrying values of cash and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

The Company's financial instruments are exposed to the following financial risks:

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have 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.

As at June 30, 2023, the Company had a cash balance of \$44 to settle current liabilities of \$1,870,180. Management expects to fund those liabilities through the issuance of common shares and loans from related parties over the coming year. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and exploration activities.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. Management believes that its credit risk is not significant.

c) 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's amounts due to related parties are non-interest bearing, and loans payable bear interest at fixed rates. As such, the Company is not exposed to significant interest rate risk.

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Notes to the Financial Statements

June 30, 2023 and 2022

(Expressed in Canadian Dollars)

d) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have no significant impact.

e) Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of action to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

NOTE 16 – CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the acquisition, exploration, and development of its exploration and evaluation assets.

The Company manages its share capital as capital, which as at June 30, 2023, was \$10,969,940 (2022 – \$10,903,618). 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 issue common shares or dispose of assets.

The Company does not have any externally imposed capital requirements to which it is subject. There were no changes in the Company's approach to capital management during the year ended June 30, 2023.

NOTE 17 – CONTINGENT LIABILITY

The Company was re-assessed in fiscal 2023 by Canada Revenue Agency ("CRA") relating to its audit of the Company's 2020 and 2021 Mining Exploration Expenditures. Based on the audit, CRA did not allow certain expenditures to be considered qualifying mining exploration expenditures as defined by the Income Tax Act. The Company does not agree with the result of the audit and has filed a Notice of Objection with CRA. The Company is working diligently with CRA to provide all the supporting documentation requested by CRA to obtain a favourable outcome. The matter is ongoing, and the outcome and amount of the contingent liability, if any, is unknown at this time.

NOTE 18 – SUBSEQUENT EVENT

In May 2023, the Company announced that they had filed an application to issue shares-for-debt in order to pay outstanding debt of \$25,548 to an arm's length party. Approximately 340,649 shares in the capital stock of the Company will be issued to pay these outstanding payables. The Shares-for-debt agreement is subject to TSX Venture Exchange acceptance and will be subject to a four-month hold. As of the date of these financial statements, these shares have not been issued.