



# **Sulliden Mining Capital Inc.**

## **ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended**

**July 31, 2023 and 2022**

**(Expressed in Canadian dollars)**

## **Independent Auditor's Report**

To the Shareholders of Sulliden Mining Capital Inc.

### **Opinion**

We have audited the consolidated financial statements of Sulliden Mining Capital Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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 consolidated financial statements, which indicates that the Company incurred a net loss during the year ended July 31, 2023 and, as of that date, the Company has an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p><i>Fair value measurement of the private investment</i></p> <p>The Company has a private investment with a value of \$2,110,773 at July 31, 2023, which is recorded at fair value through profit or loss. This is presented in Note 5 of the consolidated financial statements. The fair value hierarchy is considered level 3 for which quoted prices or observable inputs were not available. Management uses valuation techniques that require significant non-observable inputs, requiring management's estimation and judgement.</p> <p>The fair value measurement of the private investment was a key audit matter as the valuation required the application of significant judgement in assessing the non-observable inputs used, including significant valuation adjustments.</p> | <p>In this regard, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Evaluating the methodologies and significant inputs used by the Company;</li> <li>- Performing a valuation approach to assess the modelling assumptions and significant inputs used to estimate the fair value, which involved corroboration of certain inputs and assumptions as applied by management.</li> </ul> |

## Other information

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

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

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

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.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

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

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Soheil Talebi.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
October 26, 2023

**SULLIDEN MINING CAPITAL INC.**  
**Consolidated Statements of Financial Position**

**(Expressed in Canadian dollars)**

| As at   | Notes | July 31,<br>2023    | July 31,<br>2022    |
|---|-------|---------------------|---------------------|
| <b>ASSETS</b>   |       |                     |                     |
| <b>Current assets</b>                                     |       |                     |                     |
| Cash  |       | \$ 35,084           | \$ 163,161          |
| Investments, at fair market value through profit and loss | 5, 16 | 3,319,363           | 8,038,393           |
| Loans receivable  | 6     | -                   | 185,509             |
| Amounts receivable and other assets                       |       | 23,929              | 601,025             |
| Prepaid expenses  |       | 92,954              | 119,865             |
| <b>Total current assets</b>                               |       | <b>3,471,330</b>    | <b>9,107,953</b>    |
| <b>TOTAL ASSETS</b>                                       |       | <b>\$ 3,471,330</b> | <b>\$ 9,107,953</b> |
| <b>LIABILITIES</b>  |       |                     |                     |
| <b>Current liabilities</b>                                |       |                     |                     |
| Accounts payable and accrued liabilities                  | 16    | \$ 673,285          | \$ 518,562          |
| Loan payable  | 8     | 90,976              | -                   |
| Demand loan   | 7     | -                   | 200,000             |
| <b>Total current liabilities</b>                          |       | <b>764,261</b>      | <b>718,562</b>      |
| <b>SHAREHOLDERS' EQUITY</b>                               |       |                     |                     |
| Share capital   | 9     | 35,251,842          | 35,251,842          |
| Share purchase warrant reserve                            | 11    | 1,054,792           | 1,054,792           |
| Share-based payment reserve                               | 10    | 931,213             | 1,061,858           |
| Accumulated deficit                                       |       | (34,530,778)        | (28,979,101)        |
| <b>Total shareholders' equity</b>                         |       | <b>2,707,069</b>    | <b>8,389,391</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |       | <b>\$ 3,471,330</b> | <b>\$ 9,107,953</b> |

**Going Concern (Note 1)**

**Commitments and contingencies (Note 17)**

**Subsequent events (Note 19)**

Approved by the Board of Directors:

Signed "William Clarke", Director

Signed "Rennie Morkel", Director

**SULLIDEN MINING CAPITAL INC.****Consolidated Statements of Operations and Comprehensive (Loss)****(Expressed in Canadian dollars)**

|   | Note | For the year ended<br>July 31, |                        |
|---|------|--------------------------------|------------------------|
|   |      | 2023                           | 2022                   |
| <b>Expenses</b>   |      |                                |                        |
| Share-based payments (recovery)                         | 10   | \$ (1,002)                     | \$ 435,990             |
| Professional, consulting and management fees            | 12   | 1,315,566                      | 3,984,516              |
| General and administrative expenses                     | 13   | 328,371                        | 559,948                |
| Exploration and evaluation expenditures                 | 7    | 240,364                        | 5,386,564              |
|   |      | <b>1,883,299</b>               | <b>10,367,018</b>      |
| <b>Other (income)/expenses</b>                          |      |                                |                        |
| Interest income   |      | (20,181)                       | (23,165)               |
| Interest expense  |      | 976                            | (3,233)                |
| Foreign exchange (gain)                                 |      | (58,406)                       | (64,020)               |
| Realized loss on sale of investments                    | 5    | 1,528,271                      | 502,281                |
| Unrealized loss on investments                          | 5    | 2,084,480                      | 1,090,443              |
| Other income  |      | -                              | (18,496)               |
| Impairment of loan receivable                           | 6    | 209,590                        | -                      |
| Project evaluation expenses                             |      | 54,293                         | 207,000                |
|   |      |                                |                        |
| <b>Net (loss) and comprehensive (loss) for the year</b> |      | <b>\$ (5,682,322)</b>          | <b>\$ (12,057,828)</b> |
|   |      |                                |                        |
| <b>Net (loss) per share</b>                             |      |                                |                        |
| Basic and diluted                                       |      | \$ (0.04)                      | \$ (0.13)              |
| <b>Weighted average common shares outstanding</b>       |      |                                |                        |
| Basic and diluted                                       |      | 128,275,979                    | 96,097,137             |

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

**SULLIDEN MINING CAPITAL INC.**

**Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian dollars)**

|                                    | Note | Number of<br>Shares | Share<br>Capital     | Share<br>Purchase<br>Warrant<br>Reserve | Share-<br>Based<br>Payment<br>Reserve | Deficit<br>(Note 3)    | Total<br>Shareholders'<br>Equity |
|------------------------------------|------|---------------------|----------------------|---|---------------------------------------|------------------------|----------------------------------|
| <b>Balance as at July 31, 2022</b> |      | 128,275,979         | \$ 35,251,842        | \$ 1,054,792                            | \$ 1,061,858                          | \$ (28,979,101)        | \$ 8,389,391                     |
| Option expiry                      | 10   | -                   | -                    | -                                       | (130,645)                             | 130,645                | -                                |
| Net loss for the year              |      | -                   | -                    | -                                       | -                                     | (5,682,322)            | (5,682,322)                      |
| <b>Balance as at July 31, 2023</b> |      | <b>128,275,979</b>  | <b>\$ 35,251,842</b> | <b>\$ 1,054,792</b>                     | <b>\$ 931,213</b>                     | <b>\$ (34,530,778)</b> | <b>\$ 2,707,069</b>              |
| <b>Balance as at July 31, 2021</b> |      | 60,553,760          | \$ 28,308,989        | \$ -                                    | \$ 623,618                            | \$ (16,921,273)        | \$ 12,011,334                    |
| Private placement                  | 9    | 29,722,219          | 2,395,208            | 1,054,792                               | -                                     | -                      | 3,450,000                        |
| Share issuance costs               | 9    | -                   | (52,355)             | -                                       | -                                     | -                      | (52,355)                         |
| Shares issued for acquisition      | 7    | 38,000,000          | 4,600,000            | -                                       | -                                     | -                      | 4,600,000                        |
| Stock options issued               | 10   | -                   | -                    | -                                       | 438,240                               | -                      | 438,240                          |
| Net loss for the year              |      | -                   | -                    | -                                       | -                                     | (12,057,828)           | (12,057,828)                     |
| <b>Balance as at July 31, 2022</b> |      | <b>128,275,979</b>  | <b>\$ 35,251,842</b> | <b>\$ 1,054,792</b>                     | <b>\$ 1,061,858</b>                   | <b>\$ (28,979,101)</b> | <b>\$ 8,389,391</b>              |

**SULLIDEN MINING CAPITAL INC.****Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)**

|   |      | For the year ended<br>July 31, |                    |
|---|------|--------------------------------|--------------------|
|   | Note | 2023                           | 2022               |
| <b>CASH FLOWS FROM:</b>                           |      |                                |                    |
| <b>Operating activities</b>                       |      |                                |                    |
| Net (loss) for the year                           |      | \$ (5,682,322)                 | \$ (12,057,828)    |
| Items not involving cash and other adjustments    |      |                                |                    |
| Share-based payments (recovery)                   | 10   | (1,002)                        | 435,990            |
| Common shares issued for acquisitions             |      | -                              | 4,577,623          |
| Realized loss on sale of investments              | 5    | 1,528,271                      | 502,281            |
| Unrealized loss on investments                    | 5    | 2,084,480                      | 1,090,443          |
| Impairment of loan receivable                     |      | 209,590                        | -                  |
| Interest and arrangement fees earned              |      | (18,975)                       | (18,114)           |
| Foreign exchange (loss)                           |      | (61,651)                       | (70,426)           |
|   |      | <u>(1,941,609)</u>             | <u>(5,540,031)</u> |
| Net change in non-cash working capital items:     |      |                                |                    |
| Amounts receivable and prepaid expenses           |      | 604,507                        | (348,324)          |
| Accounts payable and accrued liabilities          |      | 156,724                        | (2,302)            |
| Demand loan                                       |      | (200,000)                      | 200,000            |
|   |      | <u>561,231</u>                 | <u>(150,626)</u>   |
| Cash flows used in operating activities           |      | <u>(1,380,378)</u>             | <u>(5,690,657)</u> |
| <b>Financing activities</b>                       |      |                                |                    |
| Proceeds from private placement                   | 9    | -                              | 3,450,000          |
| Proceeds from loan payable                        | 8    | 90,000                         | -                  |
| Share issue costs                                 | 9    | -                              | (52,355)           |
| Cash flows from financing activities              |      | <u>90,000</u>                  | <u>3,397,645</u>   |
| <b>Investing activities</b>                       |      |                                |                    |
| Purchase of investments                           | 5    | (305,000)                      | (751,140)          |
| Proceeds from sale of investments                 | 5    | 1,466,325                      | 2,899,442          |
| Loans repayment                                   | 6    | -                              | 101,914            |
| Cash acquired on acquisition of Salt Cay          | 7    | -                              | 4,722              |
| Cash flows from investing activities              |      | <u>1,162,301</u>               | <u>2,254,938</u>   |
| <b>Net change in cash</b>                         |      | (128,077)                      | (38,074)           |
| <b>Cash, beginning of the year</b>                |      | 163,161                        | 201,235            |
| <b>Cash, end of the year</b>                      |      | <u>\$ 35,084</u>               | <u>\$ 163,161</u>  |
| <b>SUPPLEMENTARY INFORMATION</b>                  |      |                                |                    |
| Shares received as settlement of loans receivable |      | \$ -                           | \$ 12,735          |
| Value of shares issued for Salt Cay acquisition   |      | \$ -                           | \$ 2,600,000       |
| Value of shares issued for Otish acquisition      |      | \$ -                           | \$ 2,000,000       |

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

## **Sulliden Mining Capital Inc.**

Notes to the Consolidated Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise noted)

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

Sulliden Mining Capital Inc. (“SMC” or the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on June 10, 2014. The Company holds mineral exploration interests in the East Sullivan property in Quebec, mineral exploration interests in the Salt Cay property in Peru and Uranium exploration interests in the Proterozoic Otish property in Quebec and various investments in public and private entities.

The head office of the Company is located at 198 Davenport Avenue, Toronto, Ontario, M5R 1J2 and the registered office of the Company is located at the same address. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “SMC”.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the year end July 31, 2023, SMC incurred a net loss and comprehensive loss of \$5,682,322 (2022 - \$12,057,828) and had an accumulated deficit of \$34,530,778 (July 31, 2022 - \$28,979,101). These matters represent material uncertainties that cast significant doubt as to the Company’s ability to continue as a going concern. The continuation of SMC as a going concern is dependent upon the ability of the Company to obtain the necessary equity financing to continue operations, the successful results of mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom or realize proceeds from their sale. SMC may periodically have to raise additional capital to fund projects and continue operations, and while it has been successful in doing so in the past, there can be no assurance the Company will be able to do so in the future. Management believes SMC will obtain the funding required to maintain current levels of operations and continue as a going concern for the following year.

### **2. STATEMENT OF COMPLIANCE**

These consolidated financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) effective for the Company’s reporting for the year ended July 31, 2023.

The accounting policies as set out below were consistently applied to all the periods presented unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 26, 2023.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *a) Basis of measurement*

The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss except for assets held for sale which is measured at fair value less cost of disposal. These annual financial statements are presented in Canadian Dollars, which is the Company’s functional currency and the functional currency of the Company’s subsidiaries.

#### *b) Principles of consolidation*

All entities in which the Company has a controlling interest are fully consolidated from the date that control commences until the date that the control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise noted)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Sulliden Moçambique, Lda (incorporated in Mozambique), Sulliden Mining and Exploration Namibia (Pty) Ltd. (incorporated in Namibia), 2867935 Ontario Inc. (incorporated in Ontario), Salt Cay Horizons Ltd and Sol Sureno Canada (incorporated in Canada), Sol Sureno S.A.C (incorporated in Peru). All inter-company transactions and resulting balances have been eliminated on consolidation.

#### c) *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at amortized cost. Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

#### d) *Amounts receivable and other*

Amounts receivable and other receivables are amounts that are due from others in the normal course of business. If collection is expected in one year or less, they are classified as current assets; if not, they are presented as noncurrent assets and discounted accordingly. Amounts receivable are initially recognized at the amount expected to be received and subsequently measured at amortized cost using the effective interest method less any provision for impairment.

#### e) *Financial instruments*

The Company classifies its financial instruments in the following categories: amortized cost, fair value through profit and loss ("FVPL") and fair value through other comprehensive income ("FVOCI"). The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company's financial assets include cash, investments, amounts receivable, and loans receivable. The Company's financial liabilities include accounts payable and accrued liabilities and demand loan.

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below:

#### Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise noted)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) *Financial instruments (continued)*

Transaction costs are expensed as incurred in profit (loss). The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of comprehensive loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see note 15, "Financial instruments"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly-traded investments:

1. Securities, including shares, options, and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the reporting date or the closing price on the last day the security traded if there were no trades at the reporting date. These are included in Level 1 as disclosed in note 15.

2. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in note 15.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 as disclosed in note 15.

4. Performance shares are convertible into common shares if or when the investee companies meet certain milestones. Performance shares are recorded at fair value when the certainty of meeting these milestones is reasonably assured. These are included in Level 3 as disclosed in note 15.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in note 15. Options and warrants of private companies are carried at their intrinsic value.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise noted)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) *Financial instruments (continued)*

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that increases the tax burden on companies, that prohibit mining where it was previously allowed, that increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals that prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) *Financial instruments (continued)*

Financial assets at amortized cost – Cash, amounts receivable and loans receivable are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Financial assets at fair value through other comprehensive income (“FVOCI”) – Financial assets designated as financial assets at fair value through other comprehensive income on initial recognition are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income. The Company does not have any financial assets measured at FVOCI.

Financial liabilities at amortized cost – Trade payables and accrued liabilities and demand loan are accounted for at amortized cost, using the effective interest rate method.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s length transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### Impairment of financial assets

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 credit risk on 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 twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the counterparty’s credit rating).

#### Derecognition of financial assets and liabilities

Financial assets are derecognized when the investments mature or are sold and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within interest and other income and finance costs, respectively.

#### f) *Investments in associates*

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company’s share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company’s share of capital transactions, including amounts recognized in other comprehensive income (“OCI”), and for accounting changes that relate to periods subsequent to the date of acquisition. Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the consolidated statements of operations.

## **Sulliden Mining Capital Inc.**

Notes to the Consolidated Financial Statements

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *g) Exploration and evaluation expenditures*

Pre-acquisition costs are expensed in the year in which they are incurred. Exploration and evaluation costs include such costs as the acquisition of rights to explore; sampling and surveying costs; costs related to topography, geology, geochemistry and geophysical studies; drilling costs and costs in relation to technical feasibility and commercial feasibility of extracting a mineral resource. Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of operations until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets and included as a component of property, plant and equipment.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration expenses.

#### *h) Revenue recognition*

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in profit (loss) on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned. Management fees and advisory and other fees are recorded as income on an accrual basis when earned.

#### *i) Share-based payments*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *i) Share-based payments (continued)*

##### Restricted Share Units ("RSU")

RSUs are granted to officers and employees under the terms of the Company's RSU Incentive Plan. The Company recognizes compensation expense equal to the market value of the common shares of the Company at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to share-based payment reserve for equity settled RSUs. The RSUs vest in three equal tranches. Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs that are expected to vest. The effect of these changes is recognized in the period of change. A trustee acting on behalf of the RSU holders purchases shares of the Company from the open market to distribute to RSU holders as compensation. These shares are restricted and reserved in trust for issuances. Upon settlement of equity settled RSUs, any difference between the cost of the shares purchased on the open market and the amount credited to share-based payment reserve remains in share-based payment reserve.

##### Deferred Share Units ("DSU")

DSUs are granted to the Company's non-executive directors under the terms of the Company's DSU Incentive Plan. The initial fair value of the DSU compensation liability is calculated at the date of grant based on the Company's share price on grant date. Subsequently, at each reporting date and on settlement, the DSU compensation liability is remeasured, with any change in fair value recorded as compensation expense in the consolidated statement of operations. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date. The DSUs are settled in cash. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until term, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

#### *j) Loss per share*

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

#### *k) Interest income*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### *l) Foreign exchange translation*

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year unless the monetary item forms part of the reporting entity's net investment in a foreign operation, in which case, exchange gains or losses are reflected in other comprehensive income.

## **Sulliden Mining Capital Inc.**

Notes to the Consolidated Financial Statements

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *m) Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the annual statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

#### *n) Flow-through shares*

Flow-through shares are a unique Canadian tax incentive. The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow-through shares. A current liability is recognized for the premium paid by the investors and is then recognized as a deferred income tax liability in the period of renunciation.

#### *o) Government assistance*

The Company expects to be entitled to a refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and to a mining duties credit, which are estimated and recorded against the exploration and evaluation expenses to which they relate

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### p) *New and future accounting pronouncements*

##### *Standards issued but not effective*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after August 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in these financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Fair value of investment in securities not quoted in an active market or private company investments - Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to notes 3 and 15 for further details.
- Fair value of financial derivatives - Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value. Refer to notes 3 and 15 for further details.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise noted)

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### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Impairment of financial assets at amortized cost and determining expected credit losses - The Company recognizes a loss allowance for expected credit losses on amounts receivable and loans receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognises lifetime ECLs for amounts receivable and loans receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include amounts receivable and loans receivables.
- Income, value added, withholding and other taxes - The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Share-based payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- Determination of significant influence of investment in associates - As at July 31, 2023, the Company has classified its investment in Q-Gold Resources Ltd. ("Q-Gold") as a financial asset based on management's judgement that it does not consider its ownership of 11% of the outstanding shares of Q-Gold as an investment where the Company has significant influence.
- Assessment of transaction as an asset purchase or business combination - Assessment of a transaction as an asset purchase or a business combination requires judgements to be made at the date of acquisition in relation to determining whether the acquiree meets the definition of a business. The three elements of a business include inputs, processes and outputs. When the acquiree does not have outputs, it may still meet the definition of a business if its processes are substantive which includes assessment of whether the process is critical and whether the inputs acquired include both an organized workforce and inputs that the organized workforce could convert into outputs.
- Valuation of refundable mining duties credit and the refundable tax credit for resources - The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.
- Contingencies - See note 17 for details.

### 5. INVESTMENTS

As at July 31, 2023, the Company carried investments in certain public resource and other sector companies. These securities are classified as fair value through profit or loss ("FVTPL"). As at July 31, 2023, these securities have an estimated fair value of \$3,319,363 (July 31, 2022: \$8,038,393) (see Note 15).

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

### 5. INVESTMENTS (continued)

| July 31, 2023   | Note | Security Description     | Cost         | Estimated Fair Value |
|---|------|--------------------------|--------------|----------------------|
| <b>Current assets</b>   |      |                          |              |                      |
| Toubani Resources, Inc. *   |      | 667 common shares        | 359          | 115                  |
| Agua Resources Ltd.   |      | 375,000 common shares    | 97,603       | 5,979                |
| EV Technology Group Ltd. *  |      | 643,154 common shares    | 633,794      | 19,295               |
| Brazil Potash Corporation *   |      | 400,465 common shares    | 1,106,732    | 2,110,773            |
| Consolidated Lithium Metals Inc.<br>(formerly Jourdan Resources Inc.) * |      | 12,400,000 common shares | 486,388      | 992,000              |
| AZN Capital Corp.   |      | 600,000 common shares    | 300,000      | -                    |
| Q-Gold Resources Ltd. *   |      | 6,000,000 common shares  | 878,571      | 150,000              |
| Medivolve Inc. *  | i.   | 1,648,063 warrants       | 820,304      | 27,358               |
| Silo Wellness Inc. *  |      | 98,750 common shares     | 403,779      | 986                  |
| Xander Resources Inc.   | ii.  | 7,142,857 warrants       | 187,760      | 12,857               |
|   |      |                          | \$ 4,915,290 | \$ 3,319,363         |

\*Investments in related party entities – see Note 16.

| July 31, 2022  |  | Security Description     | Cost         | Estimated Fair Value |
|--|--|--------------------------|--------------|----------------------|
| <b>Current assets</b>  |  |                          |              |                      |
| Toubani Resources, Inc. (formerly African Gold Group Inc.) * |  | 479,167 common shares    | 258,044      | 71,875               |
| Agua Resources Ltd.  |  | 375,000 common shares    | 97,603       | 21,750               |
| EV Technology Group Ltd. (formerly Blue Sky Energy Inc.) *   |  | 1,191,485 common shares  | 1,174,145    | 1,882,546            |
| Brazil Potash Corporation *                                  |  | 400,465 common shares    | 1,106,732    | 2,054,227            |
| Jourdan Resources Inc. *                                     |  | 8,300,000 common shares  | 219,284      | 705,500              |
|  |  | 6,100,000 warrants       | 40,553       | 218,990              |
| GameSquare Esports Inc.                                      |  | 1,200,000 warrants       | 97,619       | 600                  |
| AZN Capital Corp.  |  | 600,000 common shares    | 300,000      | -                    |
| O2Gold Inc.*   |  | 4,800,000 common shares  | 565,218      | 48,000               |
| PGM Royalties Ltd.   |  | 1,000 common shares      | 1,500        | 1,500                |
| Q-Gold Resources Ltd. *                                      |  | 6,000,000 common shares  | 878,571      | 270,000              |
| Medivolve Inc. *   |  | 24,820,943 common shares | 922,732      | 1,116,942            |
|  |  | 26,760,943 warrants      | 999,385      | 959,173              |
| Silo Wellness Inc. *   |  | 98,750 common shares     | 403,779      | 10,861               |
|  |  | 25,000 warrants          | 41,221       | -                    |
| Xander Resources Inc.  |  | 7,142,857 common shares  | 312,240      | 428,571              |
|  |  | 7,142,857 warrants       | 187,760      | 247,857              |
|  |  |                          | \$ 7,606,386 | \$ 8,038,393         |

\*Investments in related party entities – see Note 16.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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### 5. INVESTMENTS (continued)

i. As at July 31, 2023, the Company holds 1,648,063 warrants of Medivolve Inc. with each warrant entitling the Company to acquire one common share of Medivolve Inc. at a price of \$1.20 until July 9, 2026. The warrants were revalued at July 31, 2023 at an estimated value of \$27,358 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 123%; risk-free interest rate of 4.41% and an expected average life of 2.94 years.

ii. As at July 31, 2023, the Company holds 7,142,857 warrants of Xander Resources, Inc. ("Xander"). Each warrant entitles the Company to acquire one common share of Xander at a price of \$0.10 until May 3, 2025. The warrants were revalued at July 31, 2023 at an estimated value of \$12,857 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 127%; risk-free interest rate of 4.67% and expected average life of 1.76 years.

For the year ended July 31, 2023, the Company purchased investments at a cost of \$305,000. For the year ended July 31, 2022, the Company purchased investments at a cost of \$751,140. For the year ended July 31, 2023, the Company sold investments for gross proceeds of \$1,475,958, incurring commissions of \$9,634 and realizing a loss of \$1,528,271. For the year ended July 31, 2022, the Company sold investments for gross proceeds of \$2,908,031, incurring commissions of \$8,589 and realizing a loss of \$502,281. As a result of the fair value adjustment to the investments held by the Company at July 31, 2023, unrealized losses of \$2,084,480 were recognized for the year ended July 31, 2023 (year ended July 31, 2022: \$1,090,443).

### 6. LOAN RECEIVABLE

The Company's loan receivable balances as at July 31, 2023 and 2022 are made up of the following:

| Due from:             | July 31, 2023 | July 31, 2022 |
|-----------------------|---------------|---------------|
| Genesis International | -             | 185,509       |
| Balance               | \$ -          | \$ 185,509    |

#### a) Blue Sky Energy Inc.

On October 23, 2019, the Company entered into a loan agreement with Blue Sky Energy Inc. ("Blue Sky") whereby the Company agreed to lend Blue Sky \$10,000 (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest was due and payable no later than January 31, 2021. The loan was amended such that the due date was extended to October 31, 2021 and then further extended to June 30, 2022. The Company's former director Pierre Pettigrew and CFO, Ryan Ptolemy, serve as a director and an officer of Blue Sky. During the year ended July 31, 2022, the loan receivable was converted to common shares of Blue Sky.

#### b) Brazil Potash Corp.

On October 22, 2020, the Company entered into a loan agreement with Brazil Potash Corp. ("Brazil Potash") whereby the Company agreed to lend Brazil Potash US\$40,000 (\$52,628) (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest was due and payable no later than December 21, 2020. Additionally, on November 5, 2020, the Company extended another loan of USD\$30,000 (\$38,340) under the same terms as the original loan. The loan was amended such that the due date was extended to July 31, 2021 and then further extended to December 31, 2021. On September 30, 2021, the loan was extended to June 30, 2022. The Company's executive director, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy are directors and an officer of Brazil Potash Corp. On November 29, 2021, the loan and accrued interest were repaid in full.

## Sulliden Mining Capital Inc.

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### 6. LOAN RECEIVABLE (continued)

c) Genesis International Ltd.

On November 13, 2020, the Company entered into a loan agreement with Genesis International Ltd. ("Genesis") whereby the Company agreed to lend Genesis USD\$120,000 (\$153,360). Interest was accrued and calculated at 12% per annum. As at July 31, 2023, the Company has fully impaired the loan receivable as collection was not certain.

### 7. EXPLORATION AND EVALUATION EXPENDITURES

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| <b>East Sullivan property</b> | <b>Year ended<br/>July 31, 2023</b> | <b>Year ended<br/>July 31, 2022</b> |
|-------------------------------|-------------------------------------|-------------------------------------|
| Assay and laboratory costs    | 617                                 | 106,054                             |
| Consulting                    | 750                                 | 53,050                              |
| Drilling                      | 36,000                              | 388,807                             |
| Equipment                     | -                                   | 8,775                               |
| Field office                  | 1,169                               | 17,668                              |
| Geochemistry                  | -                                   | 7,415                               |
| Travel                        | -                                   | 8,612                               |
| Expected tax credits          | -                                   | (207,000)                           |
|                               | <b>38,536</b>                       | <b>383,381</b>                      |

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| <b>Otish property</b> | <b>Year ended<br/>July 31, 2023</b> | <b>Year ended<br/>July 31, 2022</b> |
|-----------------------|-------------------------------------|-------------------------------------|
| Acquisition costs     | -                                   | 2,000,000                           |
| Consulting            | 600                                 | 126,500                             |
|                       | <b>600</b>                          | <b>2,126,500</b>                    |

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| <b>Salt Cay</b>   | <b>Year ended<br/>July 31, 2023</b> | <b>Year ended<br/>July 31, 2022</b> |
|-------------------|-------------------------------------|-------------------------------------|
| Acquisition costs | -                                   | 2,777,623                           |
| Field office      | 108,243                             | 99,060                              |
|                   | <b>108,243</b>                      | <b>2,876,683</b>                    |

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## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

### 7. EXPLORATION AND EVALUATION ASSETS (continued)

|                           | Year ended<br>July 31, 2023 | Year ended<br>July 31, 2022 |
|---------------------------|-----------------------------|-----------------------------|
| <b>Orange Creek</b>       |                             |                             |
| Acquisition costs         | 92,984                      | -                           |
|                           | 92,984                      | -                           |
| <b>Total expenditures</b> | <b>240,364</b>              | <b>5,386,564</b>            |

The Company has recorded nil in expected tax credits against exploration activity for the year ended July 31, 2023 (July 31, 2022: \$207,000). As at July 31, 2023, the Company is carrying a tax credit receivable balance of nil (July 31, 2022: \$450,000).

The East Sullivan property consists of certain staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company. The Company is maintaining these claims in good standing. The Company began data extraction and compilation in 2020 to generate drill targets on the property.

#### *Salt Cay acquisition*

On November 18, 2021, the Company closed the transaction to acquire all of the issued and outstanding common shares of Salt Cay Horizons Ltd. ("Salt Cay") from the shareholders of Salt Cay. Salt Cay, through its wholly owned subsidiary, holds concessions in Peru. As consideration for the acquisition of a 100% equity interest in Salt Cay, the Company issued 13 million common shares of the Company to the shareholders of Salt Cay at an estimated fair value of \$2,600,000 based on the market price of the common shares at the date of issuance. The Company acquired Salt Cay (net assets of \$22,377) along with a \$200,000 demand loan payable to Canadian GoldCamps Corp. that is interest free. The demand loan was repaid in full in August 2022.

#### *Otish acquisition*

On May 12, 2022, the Company closed the transaction to acquire all of the issued and outstanding common shares of a private Ontario company ("Privco") from its shareholders. Privco holds uranium claims. Most of the property is located in the Proterozoic Otish Supergroup. As consideration for the acquisition of a 100% equity interest in Privco, the Company issued 25,000,000 common shares of the Company to the shareholders of Privco at an estimated fair market value of \$2,000,000 based on the quoted price of the common shares at the date of issuance.

#### *Orange Creek*

On June 27, 2023, the Company entered into a purchase agreement to acquire a 75% interest in the Orange Creek uranium project through the acquisition of 75% of the issued common shares of a private Australian company from its shareholders. The project is located in the Northern Territory of Australia. As consideration, the Company has agreed to pay AUD\$400,000 to the vendor, AUD\$100,000 (\$88,410) on the date that the agreement is executed (paid) and an additional AUD\$300,000 (\$263,880) on the later of the date of closing the acquisition and 45 days following the execution date (paid subsequent to July 31, 2023). As additional consideration, the Company has also agreed to finance the continuing statutory obligations and exploration activities of the property during the period from the execution date to the closing and to finance additional exploration activities over the two-year period following closing to the value of AUD\$300,000. See Note 19.

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### 8. LOAN PAYABLE

On June 28, 2023, the Company borrowed \$90,000 from Aberdeen International Inc. with interest accrued and calculated at 12% per annum and a twelve-month repayment term. As at July 31, 2023, loan principal and accrued interest totaling \$90,976 remained outstanding. An officer of Company, Ryan Ptolemy, is also an officer of Aberdeen International Inc.

### 9. SHARE CAPITAL

As at July 31, 2023, the Company's authorized number of common shares was unlimited without par value.

Share capital activity during the years ended July 31, 2023 and 2022, was as follows:

|   | Number of<br>shares | Value         |
|---|---------------------|---------------|
| <b>Balance as at July 31, 2021</b>          | 60,553,760          | \$ 28,308,989 |
| Private placements                          | 29,722,219          | 3,450,000     |
| Warrant allocation                          | -                   | (1,054,792)   |
| Share issuance costs                        | -                   | (52,355)      |
| Shares issued for property (Note 7)         | 38,000,000          | 4,600,000     |
| <b>Balance as at July 31, 2022 and 2023</b> | 128,275,979         | \$ 35,251,842 |

#### *Private Placement – September 2021*

In September 2021, the Company closed a non-brokered private placement financing of 7,500,000 units of the Company ("Units") at a price of \$0.06 per Unit for gross proceeds to the Company of \$450,000 (the "Offering"). Each Unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to acquire one common share of the Company at a price of \$0.25 for a period of five years following the closing date of the Offering.

The issue date fair value of the warrants was estimated at \$101,515 using the Black Scholes option pricing model with the following weighted average assumptions: stock price \$0.046; expected dividend yield of 0%; expected volatility of 79%; risk-free interest rate of 1.03%, and an expected life of 5 years. The Company paid total cash share issue costs of \$11,680.

#### *Private Placement – December 2021*

In December 2021, the Company closed a non-brokered private placement financing of up to 22,222,219 units of the Company ("Units") at a price of \$0.135 per Unit for gross proceeds to the Company of \$3,000,000 (the "Offering"). Each Unit consists of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.25 for a period of five years following the closing date of the Offering. All securities issued in connection with the Offering are subject to a statutory hold period of four-months and one day. No finder's fees were paid in connection with the Offering.

The issue date fair value of the warrants was estimated at \$953,277, net of share issue costs of \$9,166 using the Black Scholes option pricing model with the following weighted average assumptions: stock price \$0.092; expected dividend yield of 0%; expected volatility of 83%; risk-free interest rate of 1.34%, and an expected life of 5 years. The Company paid total cash share issue costs of \$40,675.

## Sulliden Mining Capital Inc.

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### 10. SHARE-BASED PAYMENT RESERVE

#### *Employee share option plan*

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises.

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises.

On February 7, 2022, the Company granted 4,800,000 stock options to consultants, officers and directors to purchase shares of the Company. The stock options vested immediately and have an estimated grant date fair value of \$438,240 using the Black-Scholes option pricing model with the following assumptions: current stock price of \$0.135; expected dividend yield of 0%; expected volatility of 85.9%; risk-free interest rate of 1.59%; and an expected average life of 5 years.

|                                    | Share<br>Purchase<br>Options | Restricted<br>Share Units | Total<br>Reserve |
|------------------------------------|------------------------------|---------------------------|------------------|
| <b>Balance as at July 31, 2021</b> | \$ 130,645                   | \$ 492,973                | \$ 623,618       |
| Stock Options Granted              | 438,240                      | -                         | 438,240          |
| <b>Balance as at July 31, 2022</b> | \$ 568,885                   | \$ 492,973                | \$ 1,061,858     |
| Expired                            | (130,645)                    | -                         | (130,645)        |
| <b>Balance as at July 31, 2023</b> | \$ 438,240                   | \$ 492,973                | \$ 931,213       |

The share-based payments recorded on the consolidated statements of operations and comprehensive loss for the years ended July 31, 2023 and 2022 are presented in detail below.

| Share-based payments   | Year ended |            |
|------------------------|------------|------------|
|                        | 2023       | 2022       |
| Share purchase options | \$ -       | \$ 438,240 |
| Deferred share units   | (1,002)    | (2,250)    |
|                        | \$ (1,002) | \$ 435,990 |

The change in share purchase options during the years ended July 31, 2023 and 2022 was as follows:

|                                    | Number of<br>options | Weighted average<br>exercise price | Value      |
|------------------------------------|----------------------|------------------------------------|------------|
| <b>Balance as at July 31, 2021</b> | 570,000              | \$0.35                             | \$ 130,645 |
| Granted                            | 4,800,000            | \$0.135                            | 438,240    |
| <b>Balance as at July 31, 2022</b> | 5,370,000            | \$0.160                            | \$ 568,885 |
| Expired                            | (570,000)            | \$0.35                             | (130,645)  |
| <b>Balance as at July 31, 2023</b> | 4,800,000            | \$0.135                            | \$ 438,240 |

## Sulliden Mining Capital Inc.

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### 10. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes information on share purchase options outstanding as at July 31, 2023:

| Exercise Price | Expiry Date      | Number Outstanding | Number Exercisable | Weighted Average Remaining Contractual Life |
|----------------|------------------|--------------------|--------------------|---|
| \$0.135        | February 7, 2027 | 4,800,000          | 4,800,000          | 3.53  |
|                | Total            | 4,800,000          | 4,800,000          | 3.53  |

#### **Restricted Share Unit and Deferred Share Unit Incentive Plans**

On September 17, 2014, the Company adopted a Restricted Share Unit (“RSU”) Incentive Plan and a Deferred Share Unit (“DSU”) Incentive Plan.

On January 5, 2016, the Company granted and issued an aggregate of 500,000 RSUs to an officer of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 500,000 RSUs vested in three equal tranches, on each of January 5, 2017, January 5, 2018 and January 5, 2019. The fair value of these RSUs was determined to be \$0.26 per unit on the date of grant.

On December 12, 2017, the Company granted and issued an aggregate of 2,945,000 RSUs to officers and employees of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. During the year ended July 31, 2019, 416,666 of the RSUs were cancelled, unvested. Of the remaining 2,528,334 RSUs, 981,666 vested on June 1, 2018, 898,334 vested on February 1, 2019 and 648,334 vested on February 1, 2020. The fair value of these RSUs was determined to be \$0.32 per unit on the date of grant.

On January 15, 2018, the Company granted and issued an aggregate of 25,000 RSUs to an employee of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 25,000 RSUs vested in three equal tranches, on each of June 1, 2018, February 1, 2019 and February 1, 2020. The fair value of these RSUs was determined to be \$0.435 per unit on the date of grant.

As at July 31, 2023, the Company has 386,869 DSUs outstanding. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company upon ceasing to hold office. 386,869 DSUs that are currently issued are fully vested.

As at July 31, 2023, 386,869 DSUs related to current directors have vested and entitle the holders, upon ceasing to hold office, to receive a cash payment of \$46,293 (2022 - \$49,794) equal to an average market price of \$0.13 for each DSU. This amount is recorded as a liability on the consolidated statements of financial position.

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### 10. SHARE-BASED PAYMENT RESERVE (continued)

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflect the number of RSUs and DSUs that may vest based on conditions existing as at July 31, 2023:

|   | RSU        |           | DSU        |           |         |         |
|---|------------|-----------|------------|-----------|---------|---------|
|   | Non-vested | Vested    | Non-vested | Forfeited | Paid    | Vested  |
| <b>Balance as at July 31, 2021, 2022 and 2023</b> | -          | 6,928,334 | -          | 244,264   | 718,867 | 386,869 |

Upon vesting, the Company was obligated to deliver to the holders of the RSUs 166,667 common shares of the Company on January 5, 2019 and 990,000 common shares of the Company on June 1, 2018, 906,667 common shares on February 1, 2019 and 656,667 common shares on February 1, 2020. At July 31, 2023, shares had not been issued for 958,335 of the 990,000 RSUs that vested on June 1, 2018, 166,667 of the RSUs that vested on January 5, 2019 and 906,667 of the RSUs that vested on February 1, 2019 and 656,667 of the RSU's that vested on February 1, 2020.

For the year ended July 31, 2023, share-based compensation recovery of \$1,002, was recognized for the DSUs (year ended July 31, 2022: \$2,250) and nil was recognized for the RSU incentive plan (year ended July 31, 2022: nil).

### 11. SHARE PURCHASE WARRANT RESERVE

Warrant activity during the years ended July 31, 2023 and 2022, was as follows:

|   | Number of Warrants | Weighted Average Exercise Price | Value (\$) |
|---|--------------------|---------------------------------|------------|
| <b>Balance as at July 31, 2021</b>          | -                  |                                 | -          |
| Issuance of warrants                        | 29,722,219         | \$0.25                          | 1,054,792  |
| <b>Balance as at July 31, 2022 and 2023</b> | 29,722,219         |                                 | 1,054,792  |

The following table summarizes the warrants outstanding as at July 31, 2023:

| Exercise Price | Expiry Date        | Number Outstanding | Number Exercisable | Value (\$) | Weighted Average Remaining Contractual Life (years) |
|----------------|--------------------|--------------------|--------------------|------------|---|
| \$ 0.25        | September 24, 2026 | 7,500,000          | 7,500,000          | 101,515    | 3.15  |
| \$ 0.25        | December 3, 2026   | 22,222,219         | 22,222,219         | 953,277    | 3.35  |
|                |                    | 29,722,219         | 29,722,219         | 1,054,792  | 3.30  |

## Sulliden Mining Capital Inc.

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### 12. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

|                                    | Year ended<br>July 31, |              |
|------------------------------------|------------------------|--------------|
|                                    | 2023                   | 2022         |
| Salaries and benefits              | \$ 4,543               | \$ 12,771    |
| Directors fees                     | 37,500                 | 217,403      |
| Consulting fees                    | 1,166,647              | 3,660,333    |
| Legal, audit and professional fees | 106,876                | 94,009       |
|                                    | \$ 1,315,566           | \$ 3,984,516 |

### 13. GENERAL AND ADMINISTRATIVE EXPENSES

|                           | Year ended<br>July 31, |            |
|---------------------------|------------------------|------------|
|                           | 2023                   | 2022       |
| General and office        | \$ 220,805             | \$ 219,599 |
| Shareholder communication | 89,165                 | 111,121    |
| Travel and accommodation  | 18,401                 | 229,228    |
|                           | \$ 328,371             | \$ 559,948 |

### 14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than those of the TSX that requires adequate working capital or financial resources such that, in the opinion of the TSX, the listed issuer will be able to continue as a going concern. The TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings in the financial statements regarding the listed issuer's ability to continue as a going concern.

There were no significant changes to the Company's capital management during the years ended July 31, 2023 and 2022. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current reporting date.

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### 15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at July 31, 2023 and 2022 were as follows:

|  | Financial instrument classification | Carry amount | Estimated Fair value |
|--|-------------------------------------|--------------|----------------------|
| <b>As at July 31, 2023</b>               |                                     |              |                      |
| Cash                                     | Amortized cost                      | \$ 35,084    | \$ 35,084            |
| Investments                              | FVPL                                | 3,319,363    | 3,319,363            |
| Amounts receivable and other             | Amortized cost                      | 23,929       | 23,929               |
| Accounts payable and accrued liabilities | Amortized cost                      | 673,285      | 673,285              |
| Loan payable                             | Amortized cost                      | 90,976       | 90,976               |
| <b>As at July 31, 2022</b>               |                                     |              |                      |
| Cash                                     | Amortized cost                      | \$ 163,161   | \$ 163,161           |
| Investments                              | FVPL                                | 8,038,393    | 8,038,393            |
| Loans receivable                         | Amortized cost                      | 185,509      | 185,509              |
| Amounts receivable and other             | Amortized cost                      | 601,025      | 601,025              |
| Accounts payable and accrued liabilities | Amortized cost                      | 518,562      | 518,562              |
| Demand loan                              | Amortized cost                      | 200,000      | 200,000              |

#### *Fair value hierarchy*

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

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

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at July 31, 2023.

|                            | Level 1      | Level 2   | Level 3      | TOTAL        |
|----------------------------|--------------|-----------|--------------|--------------|
| <b>As at July 31, 2023</b> |              |           |              |              |
| Investments                | \$ 1,168,375 | \$ 40,215 | \$ 2,110,773 | \$ 3,319,363 |
| <b>As at July 31, 2022</b> |              |           |              |              |
| Investments                | 4,556,046    | 1,426,620 | 2,055,727    | 8,038,393    |

The carrying value of cash, amounts receivable and other, loans receivable and accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the relatively short-term maturities.

#### *Level 2 Hierarchy*

During the year ended July 31, 2023, public investments of nil (2022 - \$187,760) were acquired \$317,920 (2022 - \$246,913) were expired and \$40,553 (2022 - nil) were transferred to level 1.

## Sulliden Mining Capital Inc.

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### 15. FINANCIAL INSTRUMENTS (continued)

|  | Year ended July<br>31, 2023 | Year ended<br>July 31, 2022 |
|--|-----------------------------|-----------------------------|
| Investments, fair value                  |                             |                             |
| Balance, beginning of year               | \$ 1,426,620                | \$ 2,174,694                |
| Acquired at cost - warrants              | -                           | 187,760                     |
| Transferred to Level 1                   | (40,553)                    | -                           |
| Expired at cost - warrants               | (317,920)                   | (246,913)                   |
| Unrealized and realized (loss) gain, net | (1,027,932)                 | (688,922)                   |
| Balance, end of year                     | \$ 40,215                   | \$ 1,426,620                |

#### Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at July 31, 2023 and 2022. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain are recognized in the statements of operations.

|                            | Year ended<br>July 31, 2023 | Year ended<br>July 31, 2022 |
|----------------------------|-----------------------------|-----------------------------|
| Investments, fair value    |                             |                             |
| Balance, beginning of year | \$ 2,055,727                | \$ 1,996,239                |
| Additions at cost- shares  | -                           | 251,140                     |
| Foreign exchange           | 56,546                      | 57,988                      |
| Disposals                  | (1,500)                     | -                           |
| Transfer to level 1        | -                           | (249,640)                   |
| Balance, end of year       | \$ 2,110,773                | \$ 2,055,727                |

Included in unrealized and realized gain for the year ended July 31, 2023, the total gain that is attributable to change in realized and unrealized gain relating to those assets and liabilities held at July 31, 2023 was nil (2022 - nil).

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as July 31, 2023:

| Description         | Fair Value   | Valuation technique | Significant unobservable inputs(s) | Range of significant unobservable inputs |
|---------------------|--------------|---------------------|------------------------------------|--|
| Brazil Potash Corp. | \$ 2,110,773 | Recent financing    | Marketability of shares            | 0% discount                              |

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

## **Sulliden Mining Capital Inc.**

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### **15. FINANCIAL INSTRUMENTS (continued)**

#### Brazil Potash Corp. ("BPC")

The valuation was based on BPC's most recent financing of US\$4.00 per share. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at July 31, 2023. As at July 31, 2023, a +/- 10% change in the fair value of Brazil Potash Corp. will result in a corresponding +/- \$211,100 change in income.

#### *Foreign currency risk*

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

#### *Credit risk*

The Company's credit risk is primarily attributable to cash and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash is held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from dividend income and proceeds from the disposition of its investments, in addition to interest income and advisory fees. The Company believes that it has sufficient marketable securities that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All of the Company's liabilities and obligations are due within one year.

As at July 31, 2023, the Company had net working capital of \$2,707,069, which included cash of \$35,084, investments of \$3,319,363, and amounts receivable and prepaid expenses of \$116,883 offset by current liabilities of \$764,261. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

#### *Price risk*

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

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### 15. FINANCIAL INSTRUMENTS (continued)

#### *Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio that is not singularly exposed to any one issuer, with exception to the Company having two positions as at July 31, 2023 that made up of approximately 64% and 30% of the total assets (2022 - four positions that made up of approximately 24%, 22% and 13% and 11% respectively of the total assets).

For the year ended July 31, 2023, a 10% (decrease) in the closing price of these four concentrated positions would result in an estimated decrease in after-tax net income of \$0.3 million (2022 - \$0.6 million).

For the year ended July 31, 2023, a 10% (decrease) increase in the closing prices of its portfolio investments would result in an estimated increase (decrease) in after-tax net income (loss) of \$0.3 million (2022 - \$0.8 million). This estimated impact on the statement of comprehensive income (loss) includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

### 16. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

#### *Related party balances*

The Company shares office space, resources and certain services with other corporations. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the year ended July 31, 2023, the Company was charged \$300,000, for these services (year ended July 31, 2022: \$300,000).

#### *Compensation of key management personnel of the Company*

The remuneration of directors and other members of key management personnel were as follows:

|                              | Year ended<br>July 31, |                   |
|------------------------------|------------------------|-------------------|
|                              | 2023                   | 2022              |
| Management salaries and fees | \$ 455,764             | \$ 415,764        |
| Directors fees               | 37,500                 | 271,763           |
| Share-based payments         | -                      | 246,510           |
|                              | <u>\$ 493,264</u>      | <u>\$ 934,037</u> |

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

As at July 31, 2023, the Company holds investments in certain public resource and other sector companies that are related party entities, related by virtue of the relationship with common directors and officers.

## Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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### 16. RELATED PARTY DISCLOSURES (continued)

|  | Security Description         | Cost         | Estimated Fair Value |
|--|------------------------------|--------------|----------------------|
| Toubani Resources, Inc.  | i. 667 common shares         | 359          | 115                  |
| EV Technology Group Ltd.   | ii. 643,154 common shares    | 633,794      | 19,295               |
| Brazil Potash Corporation  | iii. 400,465 common shares   | 1,106,732    | 2,110,773            |
| Consolidated Lithium Metals Inc.<br>(formerly Jourdan Resources Inc. ) | iv. 12,400,000 common shares | 486,388      | 992,000              |
| Q-Gold Resources Ltd.  | v. 6,000,000 common shares   | 878,571      | 150,000              |
| Medivolve Inc.   | vi. 1,648,063 warrants       | 820,304      | 27,358               |
| Silo Wellness Inc.   | vii. 98,750 common shares    | 403,779      | 986                  |
|  |                              | \$ 4,329,927 | \$ 3,300,528         |

- i. The Company's former executive chairman, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy, are a former directors and former officer of this company.
- ii. The Company's former director Pierre Pettigrew and CFO, Ryan Ptolemy serve as a former director and an officer of this company.
- iii. The Company's former executive chairman, Stan Bharti, former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy serves as executive chairman, director and CFO of this company.
- iv. The Company's CFO, Ryan Ptolemy, serves as CFO of the company.
- v. The Company's former CFO, Deborah Battiston and CFO, Ryan Ptolemy, served as former CFO of the company.
- vi. The Company's former director, Wen Ye, serves as a director of the company.
- vii. The Company's former CFO, Deborah Battiston, and CFO, Ryan Ptolemy served as former CFOs of this company

### 17. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$623,630 (as at July 31, 2022 - \$581,859) and additional contingent payments of approximately \$2,583,441 (as at July 31, 2022 - \$2,894,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is obligated to deliver common shares of the Company to the holders of RSUs granted under the terms of its RSU Plan. See Note 10.

### 18. INCOME TAX

- a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% (2022: 26.5%) were as follows:

|  | For the years ended July 31, |              |
|--|------------------------------|--------------|
|  | 2023                         | 2022         |
|  | \$                           | \$           |
| (Loss) before income taxes                                     | (5,682,322)                  | (12,057,828) |
| Statutory rate   | 26.5%                        | 26.5%        |
| Expected income tax expense/(recovery) based on statutory rate | (1,506,000)                  | (3,195,000)  |
| Adjustment to expected income tax benefit:                     |                              |              |
| Share-based payments   | -                            | 116,000      |
| Expenses not deductible for tax purposes                       | 56,000                       | 1,213,000    |
| Change in tax benefit/expense not recognized                   | 1,450,000                    | 1,866,000    |
| Deferred income tax provision                                  | -                            | -            |

## Sulliden Mining Capital Inc.

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### 18. INCOME TAX (continued)

#### b) Deferred income tax balances

The following table summarizes the components of deferred income tax:

|   | For the years ended July 31, |                   |
|---|------------------------------|-------------------|
|   | 2023                         | 2022              |
|   | \$                           | \$                |
| Deferred income tax assets and (liabilities): |                              |                   |
| Non-capital tax losses carried forward        | 20,856,000                   | 18,925,000        |
| Capital tax losses carried forward            | 7,503,000                    | 5,975,000         |
| Share issue costs                             | 33,000                       | 45,000            |
| Investments                                   | 4,915,000                    | 4,032,000         |
| Mineral property                              | 4,540,000                    | 5,724,000         |
| Others  | 104,000                      | 104,000           |
|   | <u>37,951,000</u>            | <u>34,805,000</u> |

### 19. SUBSEQUENT EVENTS

Subsequent to July 31, 2023, the Company issued 100,000 stock options at \$0.04 to a consultant.

Subsequent to July 31, 2023, the Company finalized its acquisition of 75% interest in Orange Creek Resources Pty Ltd.