



## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023, AND  
2022**

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

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

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

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

**EnGold Mines Ltd.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
Unaudited

As at	June 30, 2023	September 30, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 44,080	\$ 59,381
Receivables	1,405	9,129
Prepaid expenses	5,734	32,752
<b>Total current assets</b>	<b>51,219</b>	<b>101,262</b>
<b>Reclamation deposits</b> (Note 4)	147,000	147,000
<b>Other assets</b>	1,008	1,008
<b>Restricted cash</b> (Note 5)	23,000	34,500
<b>Equipment and right-of-use assets</b> (Note 6)	79,613	142,201
<b>Mineral properties</b> (Note 7)	2,603,709	2,603,709
<b>Total assets</b>	<b>\$ 2,905,549</b>	<b>\$ 3,029,680</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 384,156	\$ 379,471
Current portion of lease liabilities (Note 8)	46,575	46,255
Provisions (Note 12)	234,000	403,262
Current portion of loans payable (Note 4)	30,000	-
Other liabilities (Note 10)	497,528	609,526
<b>Total current liabilities</b>	<b>1,192,259</b>	<b>1,438,514</b>
<b>Loans payable</b> (Note 9)	60,000	60,000
<b>Lease liabilities</b> (Note 8)	36,710	78,894
<b>Total liabilities</b>	<b>1,288,969</b>	<b>1,577,408</b>
<b>Shareholders' equity</b>		
Share capital (Note 10)	45,974,099	45,974,099
Subscriptions receivable (Note 10)	-	(475,000)
Reserves (Note 10)	14,049,721	14,049,721
Deficit	(58,407,240)	(58,096,548)
<b>Total shareholders' equity</b>	<b>1,616,580</b>	<b>1,452,272</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,905,549</b>	<b>\$ 3,029,680</b>

**Nature of operations and the ability to continue as a going concern** (Note 1)  
**Commitments and contingencies** (Note 12)

Approved and authorized by the Board of Directors on August 8, 2023:

<i>"Rolf Van Driesum"</i> Rolf Van Driesum Director	<i>"David Brett"</i> David Brett Director
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The accompanying notes are an integral part of these condensed interim financial statements.

**EnGold Mines Ltd.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
Unaudited

	For the three months ended		For the nine months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>EXPENSES</b>				
Depreciation (Note 6)	\$ 9,045	\$ 13,644	\$ 29,256	\$ 37,177
Mineral property expenditures	8,731	1,090,837	257,398	3,021,506
Filing and regulatory	1,250	844	19,594	12,274
Insurance	5,505	9,232	22,485	26,267
Office and other	6,084	13,308	23,070	42,422
Management and consulting (Note 11)	50,814	53,717	150,014	163,729
Professional fees (Note 11)	9,108	276	63,612	40,309
Share-based payments (Note 10)	-	-	-	962
Shareholder communications	739	12,606	10,882	23,386
Travel and promotion	627	9,494	6,875	18,598
	(91,903)	(1,203,958)	(583,186)	(3,386,630)
<b>OTHER ITEMS</b>				
Lease accretion (Note 8)	(2,048)	(3,596)	(6,869)	(10,600)
Loss on termination of lease (Note 8)	-	-	(1,897)	-
Adjustment to provisions (Note 12)	-	-	169,262	-
Other income (Note 10)	3,493	449,157	111,998	1,223,363
<b>Loss and comprehensive loss for the period</b>	<b>\$ (90,458)</b>	<b>\$ (758,397)</b>	<b>\$ (310,692)</b>	<b>\$ (2,173,867)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>37,181,546</b>	<b>33,681,546</b>	<b>37,181,546</b>	<b>33,671,363</b>

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

**EnGold Mines Ltd.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
Unaudited

For the nine months ended June 30,	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (310,692)	\$ (2,173,867)
Non-cash items:		
Adjustment to provisions	(169,262)	-
Depreciation	29,256	37,177
Lease accretion	6,869	10,600
Loss on termination of lease	1,897	-
Other income	(111,998)	(1,223,363)
Share-based payments	-	962
Changes in non-cash working capital items:		
Receivables	13,025	(73,168)
Prepaid expenses	27,018	(26,225)
Accounts payable and accrued liabilities and provisions	4,685	(121,776)
Net cash used in operating activities	<u>(509,202)</u>	<u>(3,569,660)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	-	(10,000)
Purchase of equipment	-	(2,757)
Net cash used in investing activities	<u>-</u>	<u>(12,757)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share subscriptions received	475,000	-
Loan proceeds received	30,000	-
Payments of lease liabilities	(22,599)	(51,959)
Transfer from (to) restricted cash	11,500	(23,000)
Net cash provided by (used in) financing activities	<u>493,901</u>	<u>(74,959)</u>
<b>Change in cash during the period</b>	<b>(15,301)</b>	<b>(3,657,376)</b>
<b>Cash, beginning of period</b>	<b>59,381</b>	<b>3,713,788</b>
<b>Cash, end of period</b>	<b>\$ 44,080</b>	<b>\$ 56,412</b>
<b>Supplemental cash flow information:</b>		
Shares issued for mineral properties	\$ -	\$ 4,300
Additions to lease liabilities and right-of use assets	6,444	63,094

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

**EnGold Mines Ltd.**

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share Capital		Subscriptions receivable	Reserves	Deficit	Total
	Number	Amount				
<b>Balance, September 30, 2021</b>	33,661,546	\$ 45,665,405	\$ -	\$ 13,838,759	\$ (55,799,840)	\$ 3,704,324
Shares for mineral properties (Note 7)	20,000	4,300	-	-	-	4,300
Shares-based payments	-	-	-	962	-	962
Loss for the period	-	-	-	-	(2,173,867)	(2,173,867)
<b>Balance, June 30, 2022</b>	33,681,546	45,669,705	-	13,839,721	(57,973,707)	1,535,719
Private placement	3,500,000	315,000	(475,000)	210,000	-	50,000
Share issuance costs – cash	-	(10,606)	-	-	-	(10,606)
Loss for the period	-	-	-	-	(122,841)	(122,841)
<b>Balance, September 30, 2022</b>	37,181,546	45,974,099	(475,000)	14,049,721	(58,096,548)	1,452,272
Share subscriptions received	-	-	475,000	-	-	475,000
Loss for the period	-	-	-	-	(310,692)	(310,692)
<b>Balance, June 30, 2023</b>	37,181,546	\$ 45,974,099	\$ -	\$ 14,049,721	\$ (58,407,240)	\$ 1,616,580

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

## **1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN**

EnGold Mines Ltd. (the “Company”) was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company’s registered and records office is 2200 – 700 W Georgia Street, Vancouver, BC V7Y 1K8.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. For the period ended June 30, 2023, the Company incurred a loss of \$310,692, has an accumulated deficit of \$58,407,240 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful and if so, that the funding will be provided on terms acceptable to the Company.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company’s business or results of operations this time.

## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### **Basis of Presentation**

The condensed interim financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

**2. BASIS OF PREPARATION** *(cont'd...)*

**Basis of Presentation** *(cont'd...)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

**Use of Estimates and Judgments**

*Critical accounting estimates*

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

*Critical accounting judgments*

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.
- ii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent audited annual financial statements as at and for the year ended September 30, 2022, and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

**4. RECLAMATION DEPOSITS**

As at June 30, 2023 the Company held \$147,000 (September 30, 2022 - \$147,000) in deposits with a financial institution as security for reclamation requirements.

**5. RESTRICTED CASH**

As at June 30, 2023, restricted cash consists of a term deposit of \$23,000 (September 30, 2022 - \$34,500) held as security for a corporate credit card. During the period ended June 30, 2023, the Company cancelled its corporate credit card and received a portion of the term deposit in the amount of \$11,500. Subsequent to the period ended June 30, 2023, the remaining \$23,000 was received.

## EnGold Mines Ltd.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2023

(Expressed in Canadian Dollars)

Unaudited

#### 6. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-Of-Use assets: property lease	Right-Of-Use assets: Vehicle lease	Field Equipment	Vehicles	Office Furniture and equipment	Computer Equipment	Total
<b>Cost</b>							
Balance, September 30, 2021	\$ 186,941	\$ -	\$ 102,713	\$ 125,336	\$ 53,679	\$ -	\$ 468,669
Revaluation of leases	2,634	-	-	-	-	-	2,634
Additions	-	59,664	-	-	-	2,757	62,421
Balance, September 30, 2022	189,575	59,664	102,713	125,336	53,679	2,757	533,724
Termination of leases	(33,489)	(59,664)	-	-	-	-	(93,153)
Additions	6,444	-	-	-	-	-	6,444
Balance, June 30, 2023	162,530	-	102,713	125,336	53,679	2,757	447,015
<b>Accumulated depreciation</b>							
Balance, September 30, 2021	83,799	-	99,312	104,455	53,205	-	340,771
Additions	28,677	16,573	680	4,176	95	551	50,752
Balance, September 30, 2022	112,476	16,573	99,992	108,631	53,300	551	391,523
Additions	22,639	3,315	408	2,506	57	331	29,256
Termination of leases	(33,489)	(19,888)	-	-	-	-	(53,377)
Balance, June 30, 2023	\$ 101,626	\$ -	\$ 100,400	\$ 111,137	\$ 53,357	\$ 882	\$ 367,402
<b>As at September 30, 2022</b>	\$ 77,099	\$ 43,091	\$ 2,721	\$ 16,705	\$ 379	\$ 2,206	\$ 142,201
<b>As at June 30, 2023</b>	\$ 60,904	\$ -	\$ 2,313	\$ 14,199	\$ 322	\$ 1,875	\$ 79,613

#### 7. MINERAL PROPERTIES

	<b>Lac La Hache</b>
<b>Balance, September 30, 2021</b>	\$ 2,589,409
Additions	14,300
<b>Balance, September 30, 2022 and June 30, 2023</b>	\$ 2,603,709

The balance of mineral properties represents acquisitions costs paid by the Company.

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 2% net smelter return ("NSR") which will be reduced to 1% upon an aggregate total payment of \$1,500,000 to the original vendor.

**7. MINERAL PROPERTIES** (*cont'd...*)

**Lac La Hache** (*cont'd...*)

b) Peach Lake

The Company owns an 100% interest in a number of mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache that were acquired under option agreements with the original vendors. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the original seven claims acquired to a maximum of \$500,000 and a 1% NSR in favour of Peach Lake Resources Ltd., purchasable at any time for \$3,000,000.

During the year ended September 30, 2018, the Company signed an agreement amending the Peach Lake Resources Ltd. NSR purchase price from \$3,000,000 to \$2,000,000.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the claims are subject to a 5% net profits royalty to a maximum of \$500,000.

d) Murphy Lake

The Company owns a 100% interest in a number of mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1993, the Company has agreed with the original vendor to issue 30,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place and pay a 3% NSR to a maximum of \$1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. ("Candorado") entered into an option agreement (the "Agreement") whereby the Company acquired a 100% interest in certain mineral claims located east of Williams Lake, BC, near Lac La Hache (the "Claims").

During the year ended September 30, 2013, the Agreement was amended such that a 2% NSR obligation of the Company in favour of Candorado was waived by Candorado, and certain NSR obligations of Candorado were assumed by the Company, which assumed NSRs related to two separate blocks of the Claims (acquired under two separate 2004 option agreements with different optionees). Certain of the Claims acquired by the Company under the Agreement are now subject to a 2% NSR in favour of two optionees, purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee). Certain other of the Claims are also subject to a 2% NSR in favour of two other optionees, which NSR is similarly purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee).

**7. MINERAL PROPERTIES** (cont'd...)

**Lac La Hache** (cont'd...)

g) Tam Property

On February 11, 2020, the Company entered into an option agreement to acquire 100% of the Tam Property which comprises mineral claims adjoining the Company's Lac La Hache Property.

The agreement with the vendor, which is subject to the approval of the TSX Venture Exchange, calls for EnGold to, on signing, apply 2 years' worth of assessment work on the property (completed) and pay \$40,000 and issue 150,000 common shares over a four-year period as follows:

- a) 10,000 common shares on exchange acceptance (*issued with fair value of \$4,500*);
- b) on the 12-month anniversary, \$5,000 and 15,000 common shares (*\$5,000 paid and 15,000 common shares issued with fair value of \$6,000 during the year ended September 30, 2021 (Note 10)*);
- c) on the 24-month anniversary, \$10,000 and 20,000 common shares; (*\$10,000 paid and 20,000 common shares issued with fair value of \$4,300 during the year ended September 30, 2022 (Note 10)*)
- d) on the 36-month anniversary, \$10,000 and 25,000 common shares; and
- e) on the 48-month anniversary, \$15,000 and 80,000 common shares.

All commitments except the application of the work and payment of the first 10,000 shares are at the sole option of the Company. The Tam Property will at all times be subject to a 2% NSR in favour of the vendor, which NSR will be purchasable at any time by the Company for \$1,500,000.

**LLH1 Claim**

During the year ended September 30, 2022, the Company acquired the LLH1 mineral claim, for consideration of a 2% NSR of the claim, of which 1% is purchasable by the Company for \$1,000,000 at any time.

**8. LEASE LIABILITIES**

The Company's opening lease liabilities include a property lease. During the year ended September 30, 2022, through amendments to lease payment schedules, the Company revalued the remaining payments and recognized further additions to lease liabilities and Right-of-Use assets of \$2,634. The Company also entered into a new lease for a vehicle rental with undiscounted payments of \$59,664.

During the period ended June 30, 2023, the Company terminated its vehicle lease, which was valued at \$32,578. On termination, the Company derecognized right-of use assets with a value of \$39,776 and recognized accounts receivable of \$5,301, which was due to the Company on termination. The Company recognized an aggregate loss of \$1,897 on the termination of the lease.

In calculating present values, the Company used a discount rate of 10%.

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at June 30, 2023:

Fiscal year	Payment
2023	\$ 20,929
2024	41,858
2025	27,905
Amount representing future lease accretion	(7,407)
<b>Lease liabilities as at June 30, 2023</b>	<b>\$ 83,285</b>

**EnGold Mines Ltd.**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2023  
(Expressed in Canadian Dollars)  
Unaudited

**8. LEASE LIABILITIES** (cont'd...)

The following is a reconciliation of the changes in the lease liabilities:

	June 30, 2023	September 30, 2022
Opening balance	\$ 125,149	\$ 115,071
Additions	-	59,664
Revaluation of lease liabilities	6,444	2,634
Lease accretion	6,869	13,910
Payments	(22,599)	(66,130)
Termination of lease agreements	(32,578)	-
	83,285	125,149
Current portion of lease liabilities	(46,575)	(46,255)
Lease liabilities	\$ 36,710	\$ 78,894

**9. LOANS PAYABLE**

*CEBA loan*

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended September 30, 2020, the Company applied for the CEBA and received the \$40,000 loan. The CEBA remains interest free until December 31, 2023 and has no fixed repayment schedule. If \$30,000 is repaid on or before December 31, 2023, the remaining \$10,000 will be forgiven. If at December 31, 2023, any amount remains unpaid, the Company will enter into an extension agreement whereby it will accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time. During the year ended September 30, 2021, the Company received an additional \$20,000 in CEBA proceeds, of which \$10,000 is forgivable if paid by December 31, 2023.

*Promissory note*

During the period ended June 30, 2023, the Company issued a promissory note to an arm's-length party in the amount of \$30,000. The loan is unsecured, non-interest bearing and does not have a fixed maturity date.

A reconciliation of loans payable for the period ended June 30, 2023, and year ended September 30, 2022 is as follows:

	June 30, 2023	September 30, 2022
Opening balance	\$ 60,000	\$ 60,000
Additions	30,000	-
	90,000	60,000
Current portion of loans payable	(30,000)	-
Loans payable	\$ 60,000	\$ 60,000

## 10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

The Company did not have any share issuances during the period ended June 30, 2023.

During the year ended September 30, 2022:

a) The Company issued 20,000 common shares with a fair value of \$0.215 per common share as per the terms of the Tam Property option agreement (Note 7).

b) The Company closed a non-brokered private placement by issuing 3,500,000 units at a price of \$0.15 per unit for gross proceeds of \$525,000. Each unit consists of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.20 for a period of two years. The Company incurred closing costs of \$10,606 in connection with the offering. Using the residual value method, the Company recognized additions to share capital of \$315,000 and to warrants reserves of \$210,000. As at September 30, 2022, \$475,000 was included within subscriptions receivable and was fully collected during the period ended June 30, 2023.

c) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. During the year ended September 30, 2018, the Rolling Option Plan was amended such that the maximum number of eligible shares reserved for issuance under the plan be reduced from 7.5% to 5% of the Company's outstanding common shares, of which 0.27% have been issued. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

The company did not grant any stock options during the period ended June 30, 2023, or the year ended September 30, 2022. Total share-based payments recognized in the statement of shareholders' equity for the period ended June 30, 2023, was \$nil (September 30, 2022 - \$962) for incentive options vested and was recognized in profit or loss.

**10. SHARE CAPITAL AND RESERVES** (cont'd...)

c) Stock options and warrants (cont'd...)

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2021	363,000	\$ 0.96	6,485,240	\$ 0.75
Issued	-	-	3,500,000	0.20
Expired and cancelled	-	-	(1,885,240)	0.75
Balance, September 30, 2022	363,000	0.96	8,100,000	0.81
Expired and cancelled	(263,000)	1.00	(600,000)	0.75
Balance, June 30, 2023	100,000	0.85	7,500,000	0.82
Balance June 30, 2023 - exercisable	100,000	\$ 0.85	7,500,000	\$ 0.82

As at June 30, 2023, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
<b>Stock Options</b>	50,000	\$ 1.00	October 14, 2023
	50,000	\$ 0.70	June 9, 2024
	100,000		

As at June 30, 2023, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
<b>Share Purchase Warrants</b>	4,000,000	\$ 0.75	August 11, 2023
	3,500,000	\$ 0.90	September 30, 2024
	7,500,000		

**11. RELATED PARTY TRANSACTIONS**

Key management personnel comprise the Chief Executive Officer, Chief Financial Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the period ended June 30, 2023, is as follows:

- Included in management, salaries, and consulting fees was \$90,000 (2022 - \$90,000) for services provided by the CEO, \$18,000 (2022 - \$18,000) paid to the corporate secretary, and \$36,000 (2022 - \$36,000) to a company that employs the CFO of the Company.
- Included in exploration and evaluation expenditures are \$49,600 (2022 - \$160,000) for geological consulting services to a company controlled by the Vice President of Exploration.
- Share-based payments of \$nil (2022 - \$nil) related to the fair value of stock options issued to key management personnel.

**11. RELATED PARTY TRANSACTIONS** (*cont'd...*)

An amount of \$99,973 (September 30, 2022 - \$74,243) included in accounts payable is owed to related parties. These balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

**12. COMMITMENTS AND CONTINGENCIES**

- i) From time to time, certain claims, lawsuits, and complaints may arise in the ordinary course of operations against the Company. Provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. The Company is not aware of any material unrecorded contingent liabilities which require recording in the financial statements for the year ended September 30, 2022, other than the following.

In addition to the above, a former senior officer of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. During the year ended September 30, 2020, a judgment was reached, and the Company was ordered to pay \$72,500 plus plaintiff's costs. As at September 30, 2022 the Company had accrued a provision of \$403,262 related to plaintiff costs. During period ended June 30, 2023, the Company entered into an agreement whereby it would settle an aggregate of \$355,000 in plaintiff costs, of which \$121,000 was previously paid in trust, over the course of two years. Accordingly, the Company adjusted its provision balance to \$234,000 and recognized an adjustment of \$169,262 to profit and loss during the period ended June 30, 2023.

- ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors. As of June 30, 2023, the Company has an obligation to incur \$1,243,819 (September 30, 2022 - \$1,523,816) of eligible expenses pursuant to the terms of the flow through shares financing.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed to the following financial risks:

- Market Risk
- Interest Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

**General Objectives, Policies and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

**a) Market Risk**

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2023, the Company is not materially exposed to market risk.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

**b) Interest Risk**

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of June 30, 2023, the Company's exposure to interest rate risk is cash with variable interest rate. A change in interest rates of 1% would not materially affect the Company's cash flows.

**c) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

**d) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by, among other things, the strength of the capital markets.

**Determination of Fair value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statement of financial position carrying values for cash, receivables, restricted cash, reclamation deposits, and accounts payable and accrued liabilities approximates fair value due to their short-term nature.

**14. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current period and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.