



Consolidated Financial Statements of

**GOLDEN RIDGE RESOURCES LTD.**  
(An Exploration Stage Company)

**For the Years Ended June 30, 2022 and 2021**



## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

June 30, 2022

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF GOLDEN RIDGE RESOURCES LTD.

#### *Opinion*

We have audited the consolidated financial statements of Golden Ridge Resources Ltd. and its subsidiary (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at June 30, 2022 and 2021;
- ◆ the consolidated statements of comprehensive loss for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the 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 June 30, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

#### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises of 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 audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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.

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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 to cease operations, or has no realistic alternative but to do so.

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

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
October 27, 2022

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**GOLDEN RIDGE RESOURCES LTD***(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at June 30

Expressed in Canadian Dollars

	Note	2022	2021
<b>ASSETS</b>			
Current			
Cash and cash equivalents	5	\$ 4,928,959	\$ 3,934,772
Restricted cash	5	-	168,587
Receivables	6,16	34,106	373,376
Prepays		20,768	126,026
Notes receivable	16	-	24,000
Marketable securities	7	638,306	789,767
		5,622,139	5,416,528
Non-Current			
Equipment	8	62,241	58,883
Prepaid deposit		154,748	67,427
Reclamation bond	10	37,500	37,500
Exploration and evaluation assets	9	2,730,734	2,331,963
		\$ 8,607,362	\$ 7,912,301
<b>LIABILITIES</b>			
Current			
Trade and other payables	16	232,264	116,928
Other liability	11	-	25,530
Rehabilitation provision	12	-	25,000
		232,264	167,458
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	19,873,429	17,968,855
Contributed surplus	13,14	2,736,861	2,158,944
Accumulated other comprehensive loss		(381,477)	(230,015)
Accumulated deficit		(13,853,715)	(12,152,941)
		8,375,098	7,744,843
		\$ 8,607,362	\$ 7,912,301

Signed on behalf of the Board of Directors by:

"Michael Blady"  
Michael Blady

Director

"William Lindqvist"  
William Lindqvist

Director

**GOLDEN RIDGE RESOURCES LTD***(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

For the years ended June 30

Expressed in Canadian Dollars

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Expenses</b>			
Administrative and general	15,16	\$ 586,465	\$ 436,083
Depreciation	8	33,158	26,771
Directors fees	16	32,000	48,000
Property evaluation	12	8,708	2,970
Share-based payments	14	579,410	284,627
Total expenses		(1,239,741)	(798,451)
<b>Other income</b>			
Interest income		24,179	7,579
Other revenue	9,11	25,530	154,831
Rental income		2,925	-
Recovery of exploration and evaluation assets	7,9	-	810,000
Loss on marketable securities		-	(3,842)
Write-off of exploration and evaluation assets	9	(784,890)	(7,491,786)
Write-off taxes and other receivables		(1,124)	(19,667)
Recovery of exploration and evaluation expenditures	9	272,347	-
<b>Net loss for the year</b>		\$ (1,700,774)	\$ (7,341,336)
<b>Other comprehensive loss</b>			
Fair value loss on marketable securities	7	(151,462)	(102,670)
<b>Loss and comprehensive loss for the year</b>		\$ (1,852,236)	\$ (7,444,006)
<b>Basic and diluted loss per share for the year</b>	17	\$ (0.03)	\$ (0.18)

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

**GOLDEN RIDGE RESOURCES LTD**

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended June 30

Expressed in Canadian Dollars

	Note	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at June 30, 2020		\$11,893,500	\$1,634,936	\$(127,345)	\$(4,811,605)	\$8,589,486
Net loss for the year		-	-	-	(7,341,336)	(7,341,336)
Shares issued for exploration and evaluation assets	9	1,111,286	-	-	-	1,111,286
Exercise of warrants	9	83,170	(15,700)	-	-	67,470
Private placements	9	5,253,900	255,081	-	-	5,508,981
Share issue costs	14	(192,639)	-	-	-	(192,639)
Share-based payments	11	-	284,627	-	-	284,627
Flow-through premium liability	7	(180,362)	-	-	-	(180,362)
Marketable securities	7	-	-	(102,670)	-	(102,670)
Balance at June 30, 2021		\$17,968,855	\$2,158,944	\$(230,015)	\$(12,152,941)	\$7,744,843
<b>Net loss for the year</b>		-	-	-	<b>(1,700,774)</b>	<b>(1,700,774)</b>
<b>Shares issued for exploration and evaluation assets</b>	<b>9</b>	<b>488,496</b>	-	-	-	<b>488,496</b>
<b>Exercise of warrants</b>		<b>3,556</b>	<b>(1,493)</b>	-	-	<b>2,063</b>
<b>Private placement</b>		<b>1,450,000</b>	-	-	-	<b>1,450,000</b>
<b>Share issue costs</b>		<b>(11,338)</b>	-	-	-	<b>(11,338)</b>
<b>Return to treasury</b>	<b>9</b>	<b>(26,140)</b>	-	-	-	<b>(26,140)</b>
<b>Share-based payments</b>	<b>14</b>	-	<b>579,410</b>	-	-	<b>579,410</b>
<b>Marketable securities</b>	<b>7</b>	-	-	<b>(151,462)</b>	-	<b>(151,462)</b>
<b>Balance at June 30, 2022</b>		<b>\$19,873,429</b>	<b>\$2,736,861</b>	<b>\$(381,477)</b>	<b>\$(13,853,715)</b>	<b>\$8,375,098</b>

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

**GOLDEN RIDGE RESOURCES LTD**  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended June 30  
Expressed in Canadian Dollars

	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (1,700,774)	\$ (7,341,336)
Items not affecting cash			
Depreciation	8	33,158	26,771
Loss on sale of marketable securities		-	3,842
Gain on sale or recovery of exploration and evaluation assets	9	(20,940)	(810,000)
Shares issued to settle debt	16	18,000	48,000
Share-based payments	14	579,410	284,627
Write-off of exploration and evaluation assets	11	780,830	7,491,786
Write-off receivables	9	800	19,667
Other revenue		(25,530)	(154,831)
Changes in non-cash working capital balances:			
Receivables		339,270	(177,788)
Prepays		105,258	(78,635)
Trade and other payables		5,288	(66,468)
<b>Cash provided by (used in) operating activities</b>		<b>114,770</b>	<b>(754,365)</b>
Cash flows from investing activities			
Proceeds from sale of marketable securities		-	17,352
Prepaid deposit		(87,322)	(63,370)
Provision		(25,000)	-
Recovery of exploration and evaluation asset expenditures		34,433	15,000
Purchase of equipment	8	(36,516)	(27,000)
Exploration and evaluation asset expenditures	9	(615,490)	(1,233,460)
<b>Total cash used in investing activities</b>		<b>(729,895)</b>	<b>(1,291,478)</b>
Cash Flows from Financing Activities			
Exercise of warrants	13	2,063	67,470
Shares issued for private placement	13	1,450,000	5,368,979
Share issue costs	13	(11,338)	(124,637)
<b>Total cash inflow provided by financing activities</b>		<b>1,440,725</b>	<b>5,311,812</b>
Increase in cash during the year		825,600	3,265,969
<b>Cash, cash equivalents and restricted cash, beginning of year</b>		<b>4,103,359</b>	<b>837,390</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 4,928,959</b>	<b>\$ 4,103,359</b>
<b>Composition of cash and cash equivalents</b>			
Cash		\$ 4,894,459	\$ 4,068,859
Cash equivalents		34,500	34,500
<b>Cash and cash equivalents, end of the year</b>		<b>\$ 4,928,959</b>	<b>\$ 4,103,359</b>

Supplemental cash flow information – Note 19

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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#### **1. CORPORATION INFORMATION**

Golden Ridge Resources Ltd. (the "**Company**") was incorporated under the Business Corporations Act in British Columbia on January 27, 2011 and trades on the TSX Venture Exchange under the symbol GLDN.

The Company's corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current active projects include mineral properties located in Newfoundland.

#### **2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS**

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

The consolidated financial statements were authorized for issue by the Board of Directors on October 27, 2022.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. The Company currently has sufficient cash resources and working capital of \$5,389,875 as at June 30, 2022 (2021 - \$5,249,070), of which the Company has \$Nil of flow through expenditure requirements to fulfil on or before December 31, 2022 (2021 - \$168,587). The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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## **2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS (cont'd)**

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

As a result of the COVID pandemic, Newfoundland has implemented a number of quarantine measures. With these measures in place, the Company, in certain cases, has modified its exploration plans by setting up with a camp onsite or within close proximity of a project and avoiding public places such as restaurants and hotels while out in the exploration field when required. Further governmental actions to contain the outbreak may impact our ability to complete our planned exploration programs. The global pandemic could cause temporary closure of businesses in regions that are significantly impacted by the health crises, or cause governments to take or continue to take preventative measures such as the closure of points of entry, including inter provincial travel which could impact our ability to staff operations. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements within reasonable limits of materiality and within the framework of the significant policies summarized below:

### **Basis of Consolidation**

These consolidated financial statements include the accounts of:

	<u>% of</u> <u>ownership</u>	<u>Jurisdiction</u>	<u>Principal Activity</u>
0897043 BC Ltd.	100	British Columbia	Inactive

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and cashable guaranteed investment certificates that are readily convertible into known amount of cash and subject to an insignificant risk of change in value.

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Mineral Exploration and Evaluation Expenditures**

##### Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

##### Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year.

When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs and exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures and acquisition costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property will be considered to be a mine under development and will be classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

##### Farm-Out Arrangements

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

##### Mining Exploration Tax Credits

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

## **GOLDEN RIDGE RESOURCES LTD.**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Property and Equipment**

##### Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property and equipment is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

##### Major Maintenance and Repairs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

##### Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

##### Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

##### Depreciation

Depreciation is recognized in profit or loss and is provided at the following annual rates:

	Percentage
Field equipment	20%
Furniture and fixtures	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## GOLDEN RIDGE RESOURCES LTD.

(An Exploration Stage Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets, are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ("CGU"), which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### Financial Instruments

The Company classifies its financial instruments as follows:

<b>Financial Asset/Liabilities</b>	
Cash and cash equivalents	Fair value through profit or loss ("FVTPL")
Restricted cash	Fair value through profit or loss ("FVTPL")
Receivables	Amortized cost
Reclamation bond	Amortized cost
Notes receivables	Amortized cost
Marketable securities	Fair value through other comprehensive income ("FVOCI")
Trade and other payables	Amortized cost

#### Financial Assets

##### *Initial recognition and measurement*

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition, except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Financial Instruments (cont'd)**

##### De-recognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

##### Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Provisions**

Provisions are recognized as liabilities when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### **Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations.

When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

#### **Flow-through Shares**

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share using the residual method into i) share capital based on market value of common shares on the date of issue; ii) warrants based on fair value determined by the Black-Scholes option pricing model; and iii) flow-through share premium, if any. The estimated flow-through share premium, representing the amount investors paid for the flow-through feature, is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability with a corresponding other income charged to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. The required flow-through expenditures as at June 30, 2022 of \$Nil (2021 - \$168,587) is recorded as restricted cash.

Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

**Contributed Surplus**

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian Dollars)

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

##### **Earnings/Loss Per Share**

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant years. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

##### **Share-based Payments**

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Forfeiture rate
- Current market price of the underlying shares
- Risk-free interest rate
- Expected volatility

##### **Future Accounting Standards**

The Company has not applied the following revised IFRS that has been issued but was not yet effective at June 30, 2022. This accounting standard is not currently expected to have a significant effect on the Company's accounting policies or financial statements.

- IAS 16, Property, Plant and Equipment - Proceeds before Intended Use (effective July 1, 2022). The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss.

#### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

##### **Significant Accounting Judgments, Estimates and Assumptions**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated financial statements are discussed below:

**GOLDEN RIDGE RESOURCES LTD.**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)****Significant Accounting Judgments, Estimates and Assumptions (cont'd)***Going Concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

*Impairment of Exploration and Evaluation Assets*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. The assessment of impairment indicators, impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

*Valuation of Share-based Payments*

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

*Mining Exploration Tax Credits*

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits. During the year ended June 30, 2022, the Company received a mining tax credit refund of \$272,347 (June 30, 2021 - \$Nil) for exploration and evaluation expenditures during the years ended June 30, 2019 and June 30, 2020 on the Hank and Ball Creek properties as described in Note 9. The refund was recorded as recovery of exploration and evaluation expenses as other income in the consolidated statements of comprehensive loss. During the year end June 30, 2022, the Company received a mining tax credit for exploration and evaluation refund of \$34,433 (2021 - \$Nil) for the Williams property.

**5. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

Cash, cash equivalents and restricted cash consists of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. The required flow-through expenditures to be completed by June 30, 2022 of \$Nil (2021 - \$168,587) are recorded as restricted cash.

**GOLDEN RIDGE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

*(Expressed in Canadian Dollars)***6. RECEIVABLES**

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

	<b>June 30 2022</b>	June 30 2021
Sales taxes receivable	\$ 16,826	\$ 335,542
Other (Note 16)	17,280	37,834
	<b>\$ 34,106</b>	<b>\$ 373,376</b>

During the year ended June 30, 2022, the Company received a GST refund of \$373,788 (2021 - \$Nil).

**7. MARKETABLE SECURITIES**

Marketable securities consist of:

An investment of 1,081,875 (2021 - 1,081,875) commons shares in Fireweed Zinc Ltd. ("**Fireweed Shares**") pursuant to the grant of an option (Note 9) as at June 30, 2022.

As at June 30, 2022, the Fireweed Shares have a fair value of \$638,306 (2021 - \$789,767). During the year ended June 30, 2022, the Company recorded a decrease in fair market value of \$151,462 (2021 - \$102,670) as an unrealized loss in other comprehensive loss.

During the year ended June 30, 2021, the Company received 900,000 Fireweed Shares in connection with the option as described in Note 9 and recorded a gain on the sale of exploration and evaluation assets of \$810,000 recognized on the consolidated statements of loss and comprehensive loss for the year ended June 30, 2021. The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

**8. EQUIPMENT**

	<b>Field Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Total</b>
<b>Cost</b>			
Balance at June 30, 2020	\$110,000	\$6,424	\$116,424
Additions	27,000	-	27,000
Balance June 30, 2021	137,000	6,424	143,424
<b>Additions</b>	<b>36,516</b>	<b>-</b>	<b>36,516</b>
<b>Balance at June 30, 2022</b>	<b>173,516</b>	<b>6,424</b>	<b>179,940</b>
<b>Depreciation and impairment losses</b>			
Balance at June 30, 2020	52,380	5,390	57,770
Depreciation for the year	26,055	716	26,771
Balance at June 30, 2021	78,435	6,106	84,541
Depreciation for the year	<b>32,840</b>	<b>318</b>	<b>33,158</b>
<b>Balance at June 30, 2022</b>	<b>111,275</b>	<b>6,424</b>	<b>117,699</b>
<b>Carrying amounts</b>			
Carrying value at June 30, 2021	\$58,565	\$318	\$58,883
<b>Carrying value at June 30, 2022</b>	<b>\$62,241</b>	<b>\$-</b>	<b>\$62,241</b>

**GOLDEN RIDGE RESOURCES LTD.***(An Exploration Stage Company)*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

*(Expressed in Canadian Dollars)***9. EXPLORATION AND EVALUATION ASSETS**

	<i>Newfoundland</i>				<i>British Columbia</i>		<b>Total</b>
	<b>Williams</b>	<b>Heritage</b>	<b>Davis Cove</b>	<b>Other</b>	<b>Hank</b>	<b>Ball Creek</b>	
Balance at June 30, 2020	\$21,250	-	-	-	\$6,148,346	\$1,274,154	\$7,443,750
Acquisition costs	22,000	329,770	37,848	770,410	-	53,419	1,213,447
Recovery of exploration expenses	-	(72,750)	-	-	-	(15,000)	(87,750)
Exploration costs	69,200	1,144,254	2,903	7,078	5,867	-	1,229,302
Rehabilitation provision	-	-	-	-	25,000	-	25,000
Write-off of exploration and evaluation assets	-	-	-	-	(6,179,213)	(1,312,573)	(7,491,786)
Balance at June 30, 2021	112,450	1,401,274	40,751	777,488	-	-	2,331,963
<b>Acquisition costs</b>	33,175	556,746	-	-	-	-	589,921
<b>Exploration costs</b>	445,579	173,727	1,465	3,342	-	-	624,113
Recovery of exploration expenses	(34,433)	-	-	-	-	-	(34,433)
Write-off of exploration and evaluation assets	-	-	-	(780,830)	-	-	(780,830)
<b>Balance at June 30, 2022</b>	<b>\$556,771</b>	<b>\$2,131,747</b>	<b>\$42,216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$2,730,734</b>

**Newfoundland*****Williams Property***

The Company entered into an option agreement dated January 31, 2020 (the “**Williams Option**”) to earn a 100% interest subject to a 2% net smelter return royalty (the “**NSR**”) in the Williams Gold Property (the “**Williams Property**”) located in the province of Newfoundland.

Consideration for the Williams Option includes the issuance of an aggregate 350,000 common shares (150,000 issued) and aggregate cash payments of \$150,000 (\$50,000 paid) over a three-year period.

The Williams Option can be accelerated at the Company’s election. Pursuant to the terms of the Williams Option, Golden Ridge can purchase 1.0% of the NSR for \$1,000,000 at any time before the commencement of commercial production. Additionally, commencing December 31, 2024 and annually thereafter, the Company will be required to make annual advanced minimum royalty (“**AAMR**”) payments of \$7,500. The AAMR payments are deductible from future NSR payments.

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

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## **9. EXPLORATION AND EVALUATION ASSETS (cont'd)**

### **Newfoundland** (cont'd)

#### ***Heritage Project***

Pursuant to an option agreement dated June 25, 2020 (the "**Heritage Option**") between Golden Ridge and Puddle Pond Resources Inc. (the "**Optionor**"), Golden Ridge will have the right to earn a 75% interest, subject to a 1.5% net smelter return royalty ("**NSR**"), in the Heritage Project located in Newfoundland. Additionally, certain claims are also subject to a 2.5% NSR forming part of the Heritage Property (the "**Underlying NSR**") to the original holders ("**Original Vendors**") which can be purchased and extinguished in its entirety pursuant to an agreement dated June 25, 2020 between Golden Ridge, the Optionor and the Original Vendors (the "**NSR Option**").

Consideration for the Heritage Option includes management fees of \$150,000 (\$150,000 paid), the issuance of an aggregate 600,000 common shares (issued) the issuance of an aggregate \$525,000 (\$225,000 issued) in common shares at Current Market Price\* and aggregate exploration costs of \$3,000,000 (\$1,317,980 incurred) over a three-year period.

\***Current Market Price** means in respect of the common shares on any date, the volume-weighted average of price (total dollar value divided by total volume) for the 10 consecutive Trading Days immediately preceding such date.

Upon exercise of the Heritage Option, Golden Ridge and the Optionor will enter into a joint venture agreement (the "**JV**") wherein the Optionor will maintain a carried interest of 25% in the JV to pre-feasibility.

Additionally, the Optionor will be entitled to certain milestone payments, wherein Golden Ridge shall issue to the Optionor 1,000,000 common shares (the "**Milestone Shares**") per each measured or indicated mineral resource estimate of 1,000,000 ounces of Gold Equivalent for the Heritage Property, such mineral resource estimate being determined in accordance with the CIM Definition Standards as established by the Canadian Institute of Mining, Metallurgy and Petroleum, and in accordance with NI 43-101.

#### **Underlying NSR Option**

Consideration for the NSR Option includes aggregate cash payments of \$180,000 (\$105,000 paid), the issuance of an aggregate 1,125,000 common shares (issued) over three years.

#### ***Davis Cove Project***

Pursuant to an option agreement dated June 26, 2020 (the "**Davis Cove Option**") between Golden Ridge and certain third-party arm's length vendors (collectively the "**Optionor's**"), Golden Ridge will have the right to earn a 100% interest, subject to a 2% net smelter return royalty ("**NSR**"), in the Davis Cove Project located in Newfoundland. The Company has the right to purchase the first 1% of the royalty for \$1 million and remaining 1% of the royalty for an additional \$3 million any time prior to the commencement of commercial production. Consideration for the Davis Cove Option includes aggregate cash payments of \$60,000 (\$17,500 paid) the issuance of an aggregate \$60,000 (\$17,500 issued) in common shares at the VWAP\* over a three-year period and annual advance royalty payments of \$7,000 per year commencing on the 5<sup>th</sup> anniversary.

\*Volume weighted average closing price for the 30 trading days preceding each date of issuance ("**VWAP**").

During the year ended June 30, 2022, the parties amended the Davis Cove Option effective June 26, 2022 wherein the 2022 annual cash payment of \$15,000 and annual share issuance of \$12,500 cash equivalent that were due on June 9, 2022 were extended to December 1, 2022. All other terms and conditions remain unchanged.

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### **9. EXPLORATION AND EVALUATION ASSETS (cont'd)**

#### **Newfoundland** (cont'd)

##### ***Other – Fortune Bay, Long Range & Lucky Strike Projects***

Pursuant to purchase agreement dated June 26, 2020 (the “**NFLD Purchase**”) between Golden Ridge and certain third-party arm’s length vendors (collectively the “**NFLD Vendor’s**”), Golden Ridge purchased a 100% interest in the Fortune Bay, Long Range and Lucky Strike Projects located in Newfoundland (collectively the “**NFLD Projects**”) for consideration of the issuance of 3,000,000 common shares (issued) within 10 days of Exchange approval.

During the year end June 30, 2022, the Company wrote-off exploration and evaluation asset expenditure in the amount of \$780,830 in accordance with Level 3 of the fair value hierarchy.

#### **British Columbia**

##### ***Hank Property***

On June 25, 2014 (the “**Effective Date**”), the Company and Lac Properties Inc. (“**Lac**”) entered into an option agreement (the “**Hank Option**”) for the Company to acquire a 100% interest in the Hank property (the “**Hank Property**”), located in the Liard district of British Columbia, subject to a 2% net smelter return (“**NSR**”) to Lac by completing \$2,000,000 in exploration expenditures over a four-year period (completed). On November 13, 2018, the Company and Lac completed the exercise of the Hank Option wherein the Company acquired a 100% interest in the Hank Property from Lac. During the year end June 30, 2021, the Company wrote-off exploration and evaluation asset expenditure in the amount of \$6,179,213 in accordance with Level 3 of the fair value hierarchy. On April 29, 2022, the Company and Lac reached an agreement to extinguish the Back-In Right Agreement dated November 13, 2018 (the “**Back-In Right**”) pursuant to which Golden Ridge granted to Lac an option to purchase an undivided 51% interest in the Hank Property by repaying the Company all of its expenditures on the Property and cancelling the 2% NSR.

As consideration for the cancellation of the Back-In Right, Golden Ridge granted to Lac an additional 1% net smelter return royalty on the Hank Project, thereby increasing Lac’s existing royalty on the Property from 2% to 3% (“**NSR**”) of which 1/3 (1%) may be bought back for \$3,000,000 USD at anytime by providing notice of exercise and the payment. In addition, Golden Ridge agreed to make a milestone payment of \$2,500,000 USD at the earliest of the following: (a) the preparation of a feasibility study (as defined by NI 43-101); (b) a development decision being made, or the commencement of construction, on all or any part of the Property; and (c) the first day on which products were sold or shipped from the Property for the purpose of earning revenue.

Notice of the Amended and Restated Net Smelter Returns Royalty Agreement and termination of the Back-In Right Agreement was filed with the Mineral Titles Online registry maintained by the Chief Gold Commissioner of British Columbia.

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### **9. EXPLORATION AND EVALUATION ASSETS (cont'd)**

#### **British Columbia** (cont'd)

##### ***Ball Creek***

On July 9, 2019, the Company and Orogen Royalties Inc (formally Evrim Resources Corp.) ("**Orogen**") entered into an option agreement (the "**Orogen Option**") to acquire an 80% interest in the Ball Creek Project ("**Ball Creek**") located in British Columbia. Under the terms of the Agreement, the Company had the right to earn an 80% interest, subject to a 2% net smelter return royalty (the "**NSR**"), in Ball Creek by delivering, on or before the 20<sup>th</sup> anniversary (July 16, 2039), a production notice to construct and operate a mine (the "**Production Decision**") supported by a feasibility study (the "**Feasibility Study**") and evidence that Golden Ridge has obtained sufficient financing to develop Ball Creek in accordance with the Feasibility Study and issue an aggregate 250,000 common shares, make certain cash or share equivalent payments of up to \$300,000 and additional cash payments of \$1.75 million over a 15-year period (the "**Option Payments**").

Effective February 9, 2021, Golden Ridge and Orogen agreed to terminate (the "**Option Termination**") the Orogen Option. Consideration to Golden Ridge for the Option Termination is \$15,000 in cash ("**Termination Fee**") and the surrender of 149,573 Golden Ridge payment shares (the "**Surrendered Shares**") previously received by Orogen (Note 13).

Pursuant to the Option Termination the Company as at June 30, 2021, wrote-off exploration and evaluation asset expenditure in the amount of \$1,312,573 net of the Termination Fee.

During the year ended June 30, 2022, the Company returned the Surrender Shares to treasury at a fair value of \$20,940 the market price of the Surrendered Shares at the date of return and is recorded as other income in the consolidated statements of loss and comprehensive loss.

#### **Yukon – North Canol**

##### ***Fireweed Option***

On March 27, 2018, the Company signed an option agreement, further amended on April 15, 2019, May 20, 2020 and August 7, 2020 (collectively the "**NC Agreement**") with Fireweed Zinc Ltd. ("**Fireweed Zinc**") whereby Fireweed Zinc can acquire a 100% interest in the Company's North Canol Property (the "**NC Property**") in Yukon Territory, Canada, by making cash and share payments over a three-year period.

Pursuant to the third amended agreement date August 7, 2020, the remaining aggregate \$350,000 cash payments and 200,000 common shares due were amended wherein the Company, pursuant to Exchange approval, would receive 900,000 common shares of Fireweed Zinc. The Fireweed Zinc common shares were recorded as a gain on sale of exploration and evaluation asset of \$810,000 in the statement of loss and comprehensive loss for the year ended June 30, 2021.

On September 25, 2020, Fireweed Zinc fulfilled the obligations of the NC Agreement and acquired a 100% interest in the NC Property subject to the NSR and Additional Payment as defined hereinbelow.

#### **Additional Payment**

Fireweed Zinc agrees to pay the Company an additional \$750,000 (the "**Additional Payment**") upon receiving a resource calculation of at least 2 million tonnes of indicated (or better) resource on any part of the NC Property. The \$750,000 payment may be made in cash, shares or any combination thereof, at the discretion of Fireweed Zinc.

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**9. EXPLORATION AND EVALUATION ASSETS (cont'd)**

***Yukon – North Canol (cont'd)***

***Fireweed Option (cont'd)***

**NSR Royalty**

The Company will retain the following net smelter returns (“NSR”) royalties from production derived from the Property:

- i. A 0.5% NSR royalty on base metals and silver; and
- ii. A 2.0% NSR royalty on all other metals (excluding cobalt, to which Fireweed Zinc acknowledges that a third party 2.0% NSR on cobalt presently exists with respect to the Property – See Cobalt NSR Agreement).

Fireweed Zinc will have the right to purchase one-half of the royalties for \$2,000,000 any time prior to the commencement of commercial production (leaving a 0.25% NSR royalty on base metals and silver and a 1.0% NSR royalty on all other metals excluding cobalt).

**10. RECLAMATION BOND**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its British Columbia properties. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia in the amount of \$37,500 as at June 30, 2022 (2021 - \$37,500).

**11. OTHER LIABILITIES**

	<b>Issued On September 30 2020</b>
Balance at June 30, 2020	\$ -
Liability incurred on flow-through shares issued	180,361
Settlement of flow-through share liability on incurring expenditures	(154,831)
Balance at June 30, 2021	25,530
<b>Settlement of flow-through share liability on incurring expenditures</b>	<b>(25,530)</b>
<b>Balance at June 30, 2022</b>	<b>\$ -</b>

On September 30, 2020, the Company completed a private placement for 1,158,412 flow-through common shares (“FT Share”) at a price of \$0.29 per FT Share, for gross proceeds of \$335,939. The residual amount allocated to the flow-through premium liability was \$30,304. Additionally, the Company completed private placement for 2,672,000 flow-through common shares (“Charity FT Share”) at a price of \$0.32 per FT Share, for gross proceeds of \$855,040. The residual amount allocated to the flow-through premium liability was \$150,057.

As at June 30, 2022, the Company had incurred \$1,190,979 of qualifying Canadian Exploration Expenditures thereby fulfilling the obligation and extinguished the remaining \$25,530 (2021 - \$154,831) of the liability. The extinguishment of the liability was recognized as other income in the consolidated statements of loss and comprehensive loss during the year ended June 30, 2022 in the amount \$25,530 (2021 - \$154,831).

**GOLDEN RIDGE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

*(Expressed in Canadian Dollars)***12. REHABILITATION PROVISION**

The Company fulfils its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation. Management will continue to assess asset retirement obligations as future exploration activity is undertaken.

As at June 30, 2022 the Company completed retirement obligations of \$25,000 for the Hank Property. An additional \$8,227 in expenditures was recognized as property evaluation in the consolidated statements of loss and comprehensive loss during the year ended June 30, 2022 (2021 - \$Nil) in connection with the Hank Property.

**13. SHARE CAPITAL AND RESERVES****a) Common Shares**

The Company's authorized share capital is an unlimited number of common shares with no par value.

The following is a summary of changes in share capital from July 1, 2020 to June 30, 2022:

	Note	Number	Issue Price	Total
Balance at June 30, 2020		19,735,459	-	\$11,893,500
Shares issued for exploration and evaluation assets	9	4,072,157	\$0.25	1,018,040
Shares issued for exploration and evaluation assets	9	50,000	\$0.14	7,000
Shares issued for exploration and evaluation assets	9	38,022	\$0.32	11,977
Shares issued for exploration and evaluation assets	9	243,506	\$0.31	74,270
Exercise of warrants		269,876	\$0.25	67,469
Private placement		14,333,333	\$0.15	2,150,000
Private placement		2,672,000	\$0.32	855,040
Private placement		1,158,412	\$0.29	335,939
Private placement		8,400,000	\$0.25	2,100,000
Residual allocated to warrants		-	-	(187,079)
Deemed price premium on flow-through shares	11	-	-	(180,362)
Fair value of warrants transferred on exercise		-	-	15,700
Share issue costs		-	-	(192,639)
Balance at June 30, 2021		50,972,765		\$17,968,855
<b>Shares issued for exploration and evaluation assets</b>	<b>9</b>	<b>900,000</b>	<b>\$0.385</b>	<b>346,500</b>
<b>Shares issued for exploration and evaluation assets</b>	<b>9</b>	<b>50,000</b>	<b>\$0.135</b>	<b>6,750</b>
<b>Shares issued for exploration and evaluation assets</b>		<b>1,229,508</b>	<b>\$0.110</b>	<b>135,246</b>
<b>Private placement</b>		<b>5,370,370</b>	<b>\$0.27</b>	<b>1,450,000</b>
<b>Exercise of warrants</b>		<b>8,250</b>	<b>\$0.25</b>	<b>2,063</b>
<b>Fair value of warrants transferred on exercise</b>		<b>-</b>	<b>-</b>	<b>1,493</b>
			<b>\$0.14</b>	<b>(20,940)</b>
<b>Return to treasury</b>		<b>(149,573)</b>		
			<b>\$0.13</b>	<b>(5,200)</b>
<b>Return to treasury</b>		<b>(40,000)</b>		
<b>Share issue costs</b>		<b>-</b>	<b>-</b>	<b>(11,338)</b>
<b>Balance June 30, 2022</b>		<b>58,341,320</b>	<b>-</b>	<b>\$19,873,429</b>

## **GOLDEN RIDGE RESOURCES LTD.**

(An Exploration Stage Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian Dollars)

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#### **13. SHARE CAPITAL AND RESERVES (cont'd)**

##### **a) Common Shares (cont'd)**

During the year ended June 30, 2022 the Company issued the following:

- On July 5, 2021, the Company issued 900,000 common shares pursuant to the NSR Option as described in Note 9 hereinabove. The common shares were valued at \$346,500 as determined by the market price when issued being \$0.385 per share.
- On July 8, 2021, the Company issued 5,370,370 units (the “Units”) at a price of \$0.27 for gross proceeds of \$1,450,000 (the “July 2021 Offering”).

Each Unit consists of one common share and one-half of one common share purchase warrant (each whole warrant a “Warrant”) of Company. Each Warrant entitles the subscriber to purchase one additional common share for at an exercise price of \$0.50 per common share until July 8, 2023.

Transfer agent and filing fees in connection with the share issuances described hereinabove in the amount of \$11,338 were incurred during the period ended September 30, 2021.

- On July 8, 2021, 8,250 common shares were issued on the exercise of 8,250 agents warrants with an exercise price of \$0.25. On the exercise of the agents warrants, \$1,493 was transferred from contributed surplus to share capital.
- On November 26, 2021, 149,573 common shares were returned to treasury in connection with the Option Termination for the Ball Creek Property as described in Note 9 hereinabove. The common shares were valued at \$20,940 as determined by the market price on the termination date of \$0.14 per share.
- On December 15, 2021, 50,000 common shares were issued in connection with the Williams Property as described in Note 9 hereinabove. The common shares were valued at \$6,750 as determined by the market price when issued being \$0.135 per share.
- On June 9, 2022, 40,000 common shares were returned to treasury in connection with the directors loan as described in Note 16. The common shares were valued at \$5,200 as determined by the market price on the return date of \$0.13 per share.
- On June 23, 2022, the Company issued \$150,000 cash equivalent of 1,229,508 common shares calculated on the 10-day VWAP pursuant to the Heritage Option as described in Note 9 hereinabove. The common shares were valued at \$135,246 as determined by the market price when issued being \$0.11.

During the year ended June 30, 2021, the Company issued the following:

- On July 21, 2020, the Company issued \$50,000 cash equivalent of 213,675 common shares calculated on the 10-day VWAP pursuant to the Orogen Option as described in Note 9 hereinabove. The common shares were valued at \$53,419 as determined by the market price when issued being \$0.25 per share.

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#### 13. SHARE CAPITAL AND RESERVES (cont'd)

##### a) Common Shares (cont'd)

- On July 21, 2020, the Company issued \$7,500 cash equivalent of 33,482 common shares calculated on the 30-day VWAP pursuant to the Davis Cove Option as described in Note 9 hereinabove. The common shares were valued at \$8,371 as determined by the market price when issued being \$0.25.
- On July 21, 2020, the Company issued 3,000,000 common shares pursuant to the NFLD Purchase as described in Note 9 hereinabove. The common shares were valued at \$750,000 as determined by the market price when issued being \$0.25 per share.
- On July 24, 2020, the Company completed a non-brokered private placement and issued 14,333,333 units (a "Unit") of the Company at a price of \$0.15 per unit for gross proceeds of \$2,150,000.

Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$0.25 per share until July 24, 2022.

The Company has paid aggregate finders' fees of \$45,178 in cash and issued 301,185 finder warrants (a "Finder Warrant"). Each Finder Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$0.25 per share on the same terms as the Warrants until July 24, 2022. The fair value of the non-cash share issuance costs of \$54,116 for the Finder Warrants was estimated using the Black-Scholes option pricing model as outlined in Note 13(c) hereinbelow.

- On July 24, 2020, the Company provided loans totaling \$72,000 to the Company's directors to participate in the acquisition of an aggregate 480,000 Units of the Offering (See Note 16).
- On July 31, 2020, the Company issued 600,000 common shares pursuant to the Heritage Option as described in Note 9 hereinabove. The common shares were valued at \$150,000 as determined by the market price when issued being \$0.25 per share.
- On July 31, 2020, the Company issued 225,000 common shares pursuant to the NSR Option as described in Note 9 hereinabove. The common shares were valued at \$56,250 as determined by the market price when issued being \$0.25 per share.
- On September 30, 2020, the Company completed a non-brokered private placement and issued 1,158,412 units of the Company on a flow-through basis (the "FT Units") at a price of \$0.29 per FT Unit for gross proceeds of \$335,939.
- Additionally, the Company completed a non-brokered private placement and issued 2,672,000 units of the Company on a charity flow-through basis (the "Charity FT Units") at a price of \$0.32 per Charity FT Unit for gross proceeds of \$855,040.

Each FT Unit and Charity FT consists of one common share in the capital of the Company (a "Common Share") issued on a flow-through basis under the Income Tax Act (Canada) (the "Tax Act") and one-half of one common share purchase Warrant. Each Warrant entitles the holder thereof to purchase one non-flow-through Common Share at an exercise price of \$0.40 until September 30, 2022. Of the total proceeds, \$187,079 was allocated to contributed surplus for the warrants and \$180,361 to flow-through premium liability (Note 11).

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#### **13. SHARE CAPITAL AND RESERVES (cont'd)**

##### **a) Common Shares (cont'd)**

The Company paid finders' fees of an aggregate \$35,747 in cash and issued 142,188 Warrants. Each Finder Warrant entitles the holder to acquire one additional Common Share at a price of \$0.40 per share until September 30, 2022. The fair value of the non-cash share issuance costs of \$13,886 for the Finder Warrants was estimated using the Black-Scholes option pricing model as outlined in Note 11(c) hereinbelow.

- Additional legal fees, transfer agent and filing fees in connection with the July 2020 and September 2020 financings in the amount of \$43,712 were incurred during the year ended June 30, 2021.
- On February 23, 2021, the Company issued 50,000 common shares pursuant to the Williams Option as described in Note 9 hereinabove. The common shares were valued at \$7,000 as determined by the market price when issued being \$0.14 per share.
- On June 11, 2021, the completed a non-brokered private placement and issued 8,400,000 units (a "Unit") of the Company at a price of \$0.25 per unit for gross proceeds of \$2,100,000.

Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$0.50 per share until June 11, 2023.

- On June 11, 2021, the Company issued \$10,000 cash equivalent of 38,022 common shares calculated on the 30-day VWAP pursuant to the Davis Cove Option as described in Note 9 hereinabove. The common shares were valued at \$11,977 as determined by the market price when issued being \$0.32 per share.
- On June 25, 2021, the Company issued \$75,000 cash equivalent of 243,506 common shares calculated on the 10-day VWAP of \$0.31 per share pursuant to the Heritage Option as described in Note 9 hereinabove. These common shares were valued at \$74,268 as determined by the market price when issued being \$0.31 per share.
- The Company issued 182,500 common shares on the exercise of share purchase warrants and 87,376 agents warrants with exercise prices of \$0.25. On the exercise of the agents warrants, \$15,700 was transferred from contributed surplus to share capital.

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*(Expressed in Canadian Dollars)***13. SHARE CAPITAL AND RESERVES (cont'd)****b) Share Purchase Warrants**

The following is a summary of changes in share purchase warrants from July 1, 2020 to June 30, 2022:

	Number	Weighted Average Price
Balance, June 30, 2020	6,280,442	\$1.25
Expired	(2,681,350)	\$1.25
Granted	13,281,873	\$0.35
Exercised	(182,500)	\$0.25
Balance June 30, 2021	16,698,465	\$0.42
<b>Granted</b>	<b>2,685,185</b>	<b>\$0.50</b>
<b>Expired</b>	<b>(3,599,092)</b>	<b>\$1.25</b>
<b>Balance June 30, 2022</b>	<b>15,784,558</b>	<b>\$0.38</b>

As at June 30, 2022 the following share purchase warrants were outstanding:

	Number	Price Per Share	Expiry Date
	6,984,167 <sup>1</sup>	\$0.25	July 24, 2023
	1,915,206 <sup>2</sup>	\$0.40	September 30, 2022
	4,200,000	\$0.50	June 11, 2023
	2,685,185	\$0.50	July 8, 2023
	<b>15,784,558</b>		

<sup>1</sup> On June 16, 2022, the Company received Exchange approval to extend the expiry date from July 24, 2022 to July 24, 2023.

<sup>2</sup> On September 30, 2022, 1,915,206 share purchase warrants expired without exercise.

As at June 30, 2022, 15,784,558 (2021 - 16,698,465) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 0.93 (June 30, 2021 - 0.77) years.

**c) Agents' Warrants**

The following is a summary of changes in agents' warrants from July 1, 2020 to June 30, 2022:

	Number	Weighted Average Price
Balance, June 30, 2020	146,967	\$1.25
Granted	443,373	\$0.30
Exercised	(87,376)	\$0.25
Balance June 30, 2021	502,964	\$0.59
<b>Exercised</b>	<b>(8,250)</b>	<b>\$0.25</b>
<b>Expired</b>	<b>(146,967)</b>	<b>\$0.25</b>
<b>Balance June 30, 2022</b>	<b>347,747</b>	<b>\$0.31</b>

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**13. SHARE CAPITAL AND RESERVES (cont'd)****c) Agents' Warrants (cont'd)**

As at June 30, 2022, the following agents' warrants were outstanding:

	Number	Price Per Share	Expiry Date
	205,559	\$0.25	July 24, 2022 <sup>1</sup>
	142,188	\$0.40	September 30, 2022 <sup>2</sup>

<sup>1</sup> On July 24, 2022, the 205,559 agents' warrants expired without exercise.<sup>2</sup> On September 30, 2022, the 142,188 agents' warrants expired without exercise.

As at June 30, 2022, 347,747 (2021 - 502,964) agents' warrants were outstanding and exercisable with a weighted average remaining contractual life of 0.14 (2021 - 0.85) years.

**14. SHARE-BASED PAYMENTS****a) Option Plan Details**

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors. The following is a summary of changes during the period ended July 1, 2020 and June 30, 2022:

	Number	Weighted Average Price
Balance June 30, 2020	1,229,000	\$0.41
Expired	(347,000)	\$0.53
Granted	1,350,000	\$0.32
Balance June 30, 2021	2,232,000	\$0.41
<b>Expired</b>	<b>(482,000)</b>	<b>\$0.43</b>
<b>Granted</b>	<b>3,100,000</b>	<b>\$0.26</b>
<b>Balance June 30, 2022</b>	<b>4,850,000</b>	<b>\$0.31</b>

As at June 30, 2022, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
April 5, 2023	\$0.63	230,000	230,000	-
July 17, 2023	\$0.85	120,000	120,000	-
January 17, 2024	\$0.60	325,000	325,000	-
October 5, 2025	\$0.25	1,175,000	1,175,000	-
July 14, 2026	\$0.32	2,000,000	2,000,000	-
June 10, 2027	\$0.13	1,000,000	1,000,000	-
		<b>4,850,000</b>	<b>4,850,000</b>	<b>-</b>

As at June 30, 2022, 4,850,000 (2021 - 2,232,000) options were vested and outstanding with a weighted average remaining contractual life of 3.64 (2021 - 3.44) years.

**GOLDEN RIDGE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

*(Expressed in Canadian Dollars)***14. SHARE-BASED PAYMENTS** (cont'd)**b) Fair Value of Options Issued During the Year**

During the year ended June 30, 2022, the weighted average fair value at grant date of options granted was \$0.26 per option (2021 - \$0.41).

**c) Expenses Arising from Share-based Payment Transactions**

During the year ended June 30, 2022, 3,100,000 (June 30, 2021 - 1,350,000) options were granted. The total fair value of options vested during the year ended June 30, 2022 was \$579,410 (2021 - \$284,627) which has been recorded as a share-based payment expense in the consolidated statements of comprehensive loss with a corresponding increase in contributed surplus.

The Black-Scholes option pricing model inputs for options granted were:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
14-Jul-21	14-Jul-26	\$0.29	\$0.32	0.78%	5	111.36%	0
10-Jun-22	10-Jun-27	\$0.13	\$0.13	2.83%	5	111.16%	0
05-Oct-20	05-Oct-25	\$0.26	\$0.25	0.36%	5	116.01%	0

Expected volatility is based on the historical volatility of the Company's market share price.

**15. ADMINISTRATIVE AND GENERAL EXPENSES**

	Note	Years ended June 30	
		2022	2021
Accounting and legal		\$ 44,527	\$ 38,903
Consulting	16	152,873	155,766
Office and administration fees	16	71,975	73,376
Marketing and social media		241,390	100,375
Rent	16	47,305	33,714
Filing fees		13,424	21,813
Shareholder communication		7,500	4,991
Transfer agent fees		5,166	4,805
Travel and conferences		2,305	2,340
		\$ 586,465	\$ 436,083

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*(Expressed in Canadian Dollars)***16. RELATED PARTY TRANSACTIONS****a) Key Management Compensation**

	June 30 2022	June 30 2021
Key management personnel compensation comprised :		
Administration and management fees	\$28,788	\$41,163
Consulting fees	152,873	153,549
Director fees	32,000	48,000
Share-based payments	272,386	121,231
	<b>\$486,047</b>	<b>\$363,943</b>

- i) Consulting fees of \$102,000 (2021 - \$100,000) were paid or accrued to Tank Enterprises, a company controlled the President, CEO and director of the Company;
- ii) Consulting fees of \$Nil (2021 - \$700) were paid or accrued to Ridgeline Exploration Inc. ("**Ridgeline**", see b) below) in connection with services provided by the Company's VP Exploration. Effective October 25, 2021, the VP of Exploration resigned;
- iii) Consulting fees of \$50,873 (2021 - \$52,849) were paid or accrued to Minco, a company controlled the Chief Financial Officer;
- iv) Administration fees of \$28,788 (2021 - \$41,163) were paid or accrued to Minco, a company controlled the Chief Financial Officer for administration and accounting personnel services;
- v) Director fees of \$3,000 per quarter were paid to each non-executive directors; and
- vi) Share-based payments are the fair value of options granted to key management personnel (Note 14).

**b) Exploration Services & Equipment Rental Payments**

The Company uses Ridgeline, a company associated with the CEO and VP Exploration, for field personnel, equipment rental and office work for its exploration activities as follows:

- i) Equipment rental payments of \$3,241 (2021 - \$12,333) were paid or accrued to Ridgeline which were capitalized to exploration and evaluation assets.
- ii) Management fees of \$1,200 (2021 - \$34,625) were paid or accrued to Ridgeline in connection with the supply of exploration personnel and services and were capitalized to exploration and evaluations assets.

**c) Related Party Liabilities**

Amounts due to:	Service for:	June 30 2022	June 30 2021
Minco	Consulting & Administration Fees	\$5,145	\$10,959
M Blady	Expenses	29,609	40
L. Nagy	Directors Fees	3,000	-
W. Lindqvist	Directors Fees	3,000	-
Ridgeline Minerals Exploration	Exploration Costs	73,241	-
		<b>\$113,995</b>	<b>\$10,999</b>

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**16. RELATED PARTY TRANSACTIONS (cont'd)****d) Related Party Receivables (Note 6)**

<b>Amounts due from:</b>	<b>Service for:</b>	<b>June 30 2022</b>	<b>June 30 2021</b>
Minco	Rent & Expenses	\$5,200	\$4,200
Ridgeline	Rent & Expenses		4,200
South Atlantic Gold Corp.	Rent & Expenses	1,788	1,575
Damara Gold Corp.	Rent & Expenses	2,000	-
		<b>\$8,988</b>	<b>\$9,975</b>

Amounts due from related parties' expenditures are incurred for shared office space and administrative personnel that have common directors or officers and amounts due are without interest or stated terms of repayment.

**e) Notes Receivable**

	<b>June 30 2022</b>
Opening balance	\$-
Principal	\$72,000
Repayments	(48,000)
Balance at June 30, 2021	24,000
<b>Repayments</b>	<b>(24,000)</b>
<b>Balance at June 30, 2022</b>	<b>\$-</b>

<b>Name</b>	<b>Position</b>	<b>Initial Loan Amounts</b>	<b>Repayments</b>	<b>June 30 2022</b>	<b>June 30 2022</b>
Duane Lo <sup>1</sup>	Former Director	\$18,000	\$ (18,000)	\$-	\$6,000
Elston Johnston <sup>2</sup>	Former Director	18,000	(18,000)	-	6,000
Lawrence Nagy	Chairman & Director	18,000	(18,000)	-	6,000
William Lindqvist	Independent Director	18,000	(18,000)	-	6,000
		<b>\$72,000</b>	<b>\$ (72,000)</b>	<b>\$-</b>	<b>\$24,000</b>

<sup>1</sup> On February 28, 2022 Mr. Lo resigned as director.

<sup>2</sup> On June 23, 2021, Mr. Johnston resigned as director.

- i) On July 24, 2020, the Company provided loans totaling \$72,000 (the "**Loans**") to the Company's directors (the "**Borrowers**") to participate in the Offering wherein each of the Borrowers acquired 120,000 Units each of the Offering as described in Note 13. The loans bore an interest at 2% per annum, and were subject to periodic repayment and matured on December 31, 2021. The Borrowers had pledged their shares in favour of the Company pursuant to a share pledge agreement. The Company held the pledged shares as security until full repayment of the note receivables was repaid.
- ii) During the year ended June 30, 2022, the Company recorded Interest receivable on the loans of \$242 (2021 - \$949), recognized on the consolidated statements of loss and comprehensive loss.
- iii) As at June 30, 2022, directors' fees of an aggregate of \$26,000 (2021 - \$36,000) were incurred for non-executive directors of which \$18,000 (2021 - \$48,000) was applied to the Loans and interest outstanding.

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**16. RELATED PARTY TRANSACTIONS (cont'd)****e) Notes Receivable (cont'd)**

- iv) Repayment of the loans outstanding by former director Mr. Johnston were repaid by the surrender by the return to treasury of 40,000 common shares (Note 13) at a fair value of \$5,200 as determined by the market price when returned to treasury being \$0.13 per share. The Company wrote-off the remaining principle and interest receivable of \$1,124 recognized on the consolidated statements of loss and comprehensive loss.

**17. LOSS PER SHARE**

	<b>June 30 2022</b>	<b>June 30 2021</b>
Net loss attributable to ordinary shareholders	<b>(\$1,700,774)</b>	(\$7,341,336)
Weighted average number of common shares	<b>57,080,919</b>	40,281,812
Basic and diluted loss per share	<b>(\$0.03)</b>	(\$0.18)

**18. SEGMENT REPORTING**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada. The Company's non-current assets as June 30, 2022 and June 30, 2021 are all in Canada.

**19. SUPPLEMENTAL CASH FLOW INFORMATION**

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the years ended June 30, 2022 and 2021, the following transactions were excluded from the statements of cash flows:

- i) The Company issued 2,179,508 common shares (2021 - 4,403,685) valued at \$488,496 (2021 - \$1,111,286) for acquisition of exploration and evaluation assets, as determined by their market prices when issued (Notes 9 and 13);
- ii) Included in accounts payable is \$135,299 (2021 - \$25,253) of exploration expenditures that are capitalized to exploration and evaluation assets;
- iii) A compensation charge of \$Nil (2021 - \$68,002) associated with the grant of (2021 - 443,373) agent warrants was recorded as share issue costs (Note 11); and
- iv) The Company received Nil (2021 - 900,000) common shares of Fireweed Zinc with a fair value of \$Nil (2021 - \$810,000) related to the North Canol option agreement (Note 9).

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*(Expressed in Canadian Dollars)***20. INCOME TAXES**

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended June 30, 2021 and 2020. The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	<b>June 30 2022</b>	<b>June 30 2021</b>
Loss before tax	\$ (1,700,774)	\$ (7,341,336)
Income taxed at local statutory rates - 27% (2021 - 27%)	(459,210)	(1,982,161)
Items not deductible for tax purposes	149,859	35,103
Change in timing differences	26,880	4,806
Under (over) provided in prior years	199,245	(45,594)
Permanent difference for exploration and evaluation assets		
Unused tax losses and tax offsets not recognized	83,226	1,987,846
<b>Income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	<b>June 30 2022</b>	<b>June 30 2021</b>
Non-capital losses	\$ 1,543,279	\$ 1,599,257
Exploration and evaluation assets	436,642	260,289
Property and equipment	23,054	22,826
Share issue costs	40,955	92,750
Marketable securities	40,368	19,920
Capital losses	17,516	16,652
Flow-through premium liability	-	6,893
<b>Total</b>	<b>\$ 2,101,814</b>	<b>\$ 2,018,587</b>

As at June 30, 2022, the Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate Canadian non-capital losses expire as follows:

<b>Year of Expiry</b>	<b>Taxable Losses</b>
2031	\$ 56,000
2032	106,000
2033	210,000
2034	111,000
2035	461,000
2036	259,000
2037	496,000
2038	864,000
2039	1,023,000
2040	843,000
2041	709,000
2042	577,000
<b>Total</b>	<b>\$ 5,715,000</b>

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that there will be sufficient future taxable profit to utilize the deferred tax assets.

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## **20. INCOME TAXES (cont'd)**

### **Flow-through Shares**

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended June 30, 2022, the Company received \$Nil (2021 - \$1,190,970) from the issue of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. During the year ended June 30, 2022, the Company renounced \$Nil (2021 - \$1,190,970) to the subscribers (Note 13).

As at June 30, 2022, the Company had \$Nil (2021 - \$168,587) remaining in flow-through expenditures to complete.

During the year ended June 30, 2021, the Company recognized \$25,530 (2021 - \$154,831) in other revenues related to amortization of flow-through liability.

## **21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

### **General Objectives, Policies and Processes**

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 consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

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 management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

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.

## **GOLDEN RIDGE RESOURCES LTD.**

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

### **General Objectives, Policies and Processes (cont'd)**

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

As at June 30, 2022 the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

#### Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities that are subject to changes in market price. A 10% decrease in fair value of marketable securities would result in approximate \$64,000 (2021 - \$79,000) increase in comprehensive loss for the year.

#### Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

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

#### **General Objectives, Policies and Processes (cont'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 endeavour that it will 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. However, circumstances may arise where the Company is unable to meet those goals. 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.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours not to maintain any trade payables beyond a 30-day period to maturity.

##### 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 consolidated statements of financial position carrying amounts for receivables, and trade and other payables approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

##### Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the sale of the marketable securities (Note 7) and cash and cash equivalents, have been determined by reference to published price quotations in an active market, a Level 1 valuation.

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**22. CAPITAL MANAGEMENT**

The Company monitors its common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended June 30, 2022.

**23. CONTINGENCY**

During the year ended June 30, 2022, the Company received a notice of a claim filed against the Company by a vendor for breach of contract. Management believes that the claim is without merit and at this time the outcome is not determinable. Therefore, no amount has been accrued in these consolidated financial statements.