



EGR EXPLORATION LTD.
(Formerly Gambier Gold Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)

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Independent Auditor's Report

To the Shareholders of EGR Exploration Ltd. (formerly Gambier Gold Corp.)

Opinion

We have audited the consolidated financial statements of EGR Exploration Ltd. (formerly Gambier Gold Corp.) (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2023 and March 31, 2022 and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's 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 auditor's 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 Group 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.

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

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

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
July 19, 2023**

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	March 31, 2023	March 31, 2022
ASSETS			
Current			
Cash		\$ 157,461	\$ 199,582
Amount receivable		19,982	12,369
Prepaid expenses and deposit	10	29,574	15,486
		207,017	227,437
Non-current			
Exploration and evaluation assets	7	614,300	561,850
Equipment		2,180	2,886
		616,480	564,736
		\$ 823,497	\$ 792,173
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	\$ 64,592	\$ 864,230
Loans payable	11	-	310
Note payable - host liability	8	93,000	-
Note payable - derivative liability	8	105,000	-
		262,592	864,540
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	16,892,769	16,321,585
Reserves	9	4,836,081	4,251,795
Deficit		(21,167,945)	(20,645,747)
		560,905	(72,367)
		\$ 823,497	\$ 792,173

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 15)

These consolidated financial statements were authorized for issue by the Board of Directors on July 19, 2023.

Approved by the Board of Directors:

"Sven Gollan"

Sven Gollan

"Daniel Rodriguez"

Daniel Rodriguez

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

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		For the	
		years ended March 31,	
	Note	2023	2022
Exploration expenses (recovery)	7	\$ (77,206)	\$ 1,666,811
Administrative expenses			
Accretion expense	8	10,000	-
Bank charges and interest	10	33,049	72,088
Consulting fees	10	84,795	122,750
Depreciation		706	1,004
Management fee	10	155,000	165,000
Office and general		23,255	32,866
Professional fees	10	419,146	75,960
Share-based payments	9,10	164,100	-
Shareholder communications	10	47,698	28,203
Transfer agent and filing fees		33,409	27,214
Travel and entertainment		8,207	8,859
		<u>979,365</u>	<u>533,944</u>
Other items			
Gain on settlement of accounts payable	8,10	(301,046)	-
Loss on re-valuation of derivative liability	8	42,000	-
Write-off of exploration and evaluation assets	7	-	166,712
Write-off of accounts payable and accrued liabilities and loans payable		(118,467)	-
Interest income		(2,448)	-
Other income	7, 14	-	(183,300)
		<u>(379,961)</u>	<u>(16,588)</u>
Net loss and comprehensive loss for the year		<u>\$ 522,198</u>	<u>\$ 2,184,167</u>
Basic and diluted loss per share		<u>\$ 0.03</u>	<u>\$ 0.15</u>
Weighted average number of common shares outstanding		<u>20,526,649</u>	<u>14,686,151</u>

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

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Note	Number of shares	Amount	Share subscriptions	Reserves	Deficit	Total shareholders' equity (deficiency)
Balance as at March 31, 2021		12,883,837	\$ 15,709,098	\$ 95,110	\$ 3,917,157	\$ (18,461,580)	\$ 1,259,785
Shares issued:							
Private placement	9(b)	1,777,778	457,287	-	342,713	-	800,000
Stock options exercised	9(b)	15,833	15,200	-	(8,075)	-	7,125
Shares issued pursuant to agreements	9(b)	733,333	140,000	-	-	-	140,000
Share subscription received		-	-	(95,110)	-	-	(95,110)
Net loss and comprehensive loss		-	-	-	-	(2,184,167)	(2,184,167)
Balance as at March 31, 2022		15,410,781	16,321,585	-	4,251,795	(20,645,747)	(72,367)
Shares issued:							
Private placement	9(b)	15,875,000	532,314	-	420,186	-	952,500
Shares issued pursuant to agreements	9(b)	666,667	50,000	-	-	-	50,000
Share Issuance costs	9(b)	-	(11,130)	-	-	-	(11,130)
Share-based compensation	9(c),10	-	-	-	164,100	-	164,100
Net loss and comprehensive loss		-	-	-	-	(522,198)	(522,198)
Balance as at March 31, 2023		31,952,448	\$ 16,892,769	\$ -	\$ 4,836,081	\$ (21,167,945)	\$ 560,905

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

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the	
	years ended March 31,	
	2023	2022
Cash provided by (used for):		
Operating activities		
Net loss	\$ (522,198)	\$ (2,184,167)
Items not involving cash:		
Accretion expense	10,000	-
Other income	-	(183,300)
Depreciation	706	1,004
Share-based payments	164,100	-
Write-off of exploration and evaluation assets	-	166,712
Gain on settlement of accounts payable	(301,046)	-
Loss on re-valuation of derivative liability	42,000	-
Write-off of accounts payable and accrued liabilities and loans payable	(118,467)	-
Changes in non-cash working capital items:		
Amount receivable	(7,613)	23,267
Prepaid expenses and deposit	(14,088)	41,727
Accounts payable and accrued liabilities	(230,435)	427,852
Cash used in operating activities	<u>(977,041)</u>	<u>(1,706,905)</u>
Investing activities		
Net expenditures on the exploration and evaluation assets	(2,450)	(25,000)
Proceeds from sale of exploration and evaluation assets	-	150,000
Cash (used in) provided by investing activities	<u>(2,450)</u>	<u>125,000</u>
Financing activities		
Shares issued for cash	952,500	712,015
Share issue costs	(11,130)	-
Convertible note transaction costs	(4,000)	-
Cash provided by financing activities	<u>937,370</u>	<u>712,015</u>
Change in cash during the year	(42,121)	(869,890)
Cash - beginning of the year	<u>199,582</u>	<u>1,069,472</u>
Cash - end of the year	<u>\$ 157,461</u>	<u>\$ 199,582</u>
Supplemental disclosure of cash flow information		
Cash received (paid) during the year:		
Interest	\$ 2,448	\$ -
Income taxes	\$ -	\$ -

See note 5 supplemental cash flow information.

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

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

EGR Exploration Ltd. (formerly Gambier Gold Corp.) (the “Company” or “EGR”) was incorporated on March 2, 2006 and is domiciled in Canada under the Business Corporations Act (British Columbia). The Company changed its name from Gambier Gold Corp. to EGR effective on October 17, 2022. Its registered office and records office is Suite 2300 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company’s principal business activity is the acquisition and exploration of mineral properties. The Company is listed on the TSX Venture Exchange (the “Exchange”) under the symbol “EGR” (formerly “GGAU”).

On October 17, 2022, the Company consolidated its common shares on the basis of three pre-consolidated common shares for one post-consolidated common share of the Company (the “Consolidation”). All references to the number of shares and per-share amounts are restated to reflect this Consolidation.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At March 31, 2023, the Company has not achieved profitable operations, has accumulated losses of \$21,167,945 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

In February 2022, Russian military forces invaded Ukraine. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. The Company does not have operations within Russia or Ukraine and it is not expected that the conflict will directly impact the Company’s operations. However, the long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and could adversely affect the Company’s business, operation costs, and financial condition including the Company’s ability to access capital.

	March 31, 2023	March 31, 2022
Deficit	\$ (21,167,945)	\$ (20,645,747)
Working capital (deficiency)	\$ (55,575)	\$ (637,103)

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2023 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- **Presentation of financial statements**
An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.
- **Disclosure of accounting policies**
The amendments to IAS 1 and IFRS Practice Statement 2 continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.
- **Deferred tax related to assets and liabilities arising from a single transaction**
The amendments to IAS12 clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice. They narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and the entity controlled by the Company (its “subsidiary”). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company’s subsidiary is:

	<u>% of ownership</u>	<u>Jurisdiction</u>	<u>Principal activity</u>
CIN Energy Materials Inc. (a)	100%	Canada	Inactive

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

(a) CIN Energy Materials Inc. was subsequently dissolved on May 1, 2023.

Inter-company balances and transactions

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Exploration and evaluation assets

Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to “mines under construction” on the statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

Exploration and evaluation (“E & E”) expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

(c) Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the declining balance method at the following rates per annum:

Computer equipment	30%
Office equipment	20%

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Impairment of long-lived assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(e) Provisions

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 revegetation 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 and evaluation assets. 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.

Other Provisions

Provisions are recorded 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) 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, stock options, share purchase warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Value of equity units issued in private placements

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components. The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in equity reserves. Upon exercise, shares are issued from treasury, and the amount reflected in reserves is credited to share capital. Amounts reflected in reserves for warrants which expire unexercised remain in reserves.

(h) Flow-through shares

The Company will, from time to time, issue flow-through 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 the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss 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. Potentially dilutive common shares related to warrants and options outstanding totaling 21,205,220 at March 31, 2023 (2022 – 3,688,874) were not included in the computation of loss per share because their effect was anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Share-based payment

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Amounts reflected in reserves for stock options which expire unexercised remain in reserves.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(k) Financial instruments

Financial Assets – Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL")), or
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company's cash are measured at FVTPL.

EGR EXPLORATION LTD. (formerly Gambier Gold Corp.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial Assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as interest income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

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

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL or amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company classifies its note payable - derivative liability as financial liabilities at FVTPL. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and note payable - host liability as financial liabilities held at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

(m) Convertible note

The Convertible Note is bifurcated into an embedded derivative representing the conversion option and a host liability. On initial recognition, IFRS 9 requires the Company to calculate the fair value of derivative liability first with the residual value being assigned to the host financial liability.

Convertible note – derivative liability

On initial recognition, the Company measured the derivative liability of the convertible note at fair value at the date of grant using the Black-Scholes valuation model. A gain or loss on the change of fair value of the derivative liability that is subsequently measured at each reporting date using the Black-Scholes valuation model is recognized in profit or loss in the period which it arises.

Convertible note – host liability

The Company measures the host liability of convertible notes at amortized cost. Accretion expenses incurred on the host liability are calculated using effective interest rate method.

Transaction costs are apportioned to the host liability and the derivative liability in proportion to the allocated proceeds. The portion attributed to the derivative liability that is measured at FVTPL is expensed immediately. The portion of transaction costs attributed to the host liability that is measured at amortized cost are subtracted from the carrying amount of the host liability, and amortized as part of the effective interest rate.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for the exploration and evaluation of assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an item of expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 1.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Significant estimates

The Company estimates the fair value of convertible note - derivative liability using the Black-Scholes valuation model, which requires assumptions regarding expected volatility, estimated life, conversion price and risk free rates. A gain or loss on the change of fair value of the derivative liability that is subsequently measured at each reporting date using the Black-Scholes valuation model is recognized in profit or loss in the period which it arises.

5. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities for the years ended March 31, 2023 and 2022 as follows:

		March 31, 2023		March 31, 2022
Shares issued for exploration and evaluation assets	\$	50,000	\$	140,000
Fair value of stock options and warrants transferred on exercise		-		8,075
Issuance of note payable to settle accounts payable	\$	150,000	\$	-

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6. SEGMENTED INFORMATION

The Company currently operates in one industry segment, being mineral exploration and in one geographic area, namely Canada.

7. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

The following tables summarize the Company's exploration and evaluation assets as at March 31, 2023 and 2022.

Exploration and evaluation assets	Detour West	Urban Barry	Hemlo Property	Total
As of March 31, 2021	\$ 431,850	\$ 12,512	\$ 119,200	\$ 563,562
Shares issued	130,000	-	10,000	140,000
Cash - payment	-	-	25,000	25,000
Impairment	-	(12,512)	(154,200)	(166,712)
As of March 31, 2022	561,850	-	-	561,850
Shares issued	50,000	-	-	50,000
Cash - payment	2,450	-	-	2,450
As of March 31, 2023	\$ 614,300	\$ -	\$ -	\$ 614,300

The following tables summarize the Company's exploration expenditures (recovery) for the years ended March 31, 2023 and 2022.

Mineral exploration (recovery) for the year ended March 31, 2023	Detour West	Total
Assays	\$ 8,665	\$ 8,665
Consulting	60,634	60,634
Geological ⁽¹⁾	(146,505)	(146,505)
	\$ (77,206)	\$ (77,206)

Mineral exploration expenses for the year ended March 31, 2022	Cluff Lake	Detour West	Total
Assays	\$ -	\$ 75,877	\$ 75,877
Consulting	-	13,250	13,250
Geological (Note 10)	1,688	1,575,996	1,577,684
	\$ 1,688	\$ 1,665,123	\$ 1,666,811

⁽¹⁾ On June 28, 2022, the Company received a credit note of \$72,336 from Pioneer Exploration Consultants Ltd. ("Pioneer") (Note 10) to offset part of the outstanding balance in accounts payable to Pioneer.

During the year ended March 31, 2023, the Company recorded a recovery of \$113,837 on geological expenses from unrecorded GST/HST on Pioneer's previous invoices incurred during the year ended March 31, 2022. On November 1, 2022, the Company received GST/HST refund of \$120,275, which included the recovery of \$113,837 from the periods prior to the year ended March 31, 2023.

As a result of the above recovery of GST/HST, a negative balance was incurred in mineral exploration expense during the year ended March 31, 2023.

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7. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES (Continued)

(a) Detour West, Ontario

On July 27, 2020, the Company entered into a property option agreement with Altus Capital Partners and Luke Schuss (the "Optionors") to acquire 100% interest in 912 mineral titles located in Ontario, Canada also known as Detour West property. As consideration, the Company will pay cash payments of \$40,000 and issue 2,000,000 post-Consolidation common shares (6,000,000 pre-Consolidation common shares) of the Company from the date of the Exchange's acceptance (September 10, 2020) as follows:

	Cash	Shares
September 10, 2020	\$ 40,000 (paid)	666,666 (issued)
September 10, 2021	-	666,667 (issued)
September 10, 2022	-	666,667 (issued)
	<u>\$ 40,000</u>	<u>2,000,000</u>

Upon exercise of the Option, the Company will pay to the Optionors a royalty of 2.5% Net Smelter Royalty ("NSR"). The Company shall have the right, to purchase 1.0% of the NSR from the Optionors in consideration of \$500,000.

On July 21, 2022, the Company issued 666,667 post-Consolidation common shares (2,000,000 pre-Consolidation common shares) valued at \$50,000 (Note 9(b)) and completed the Option to acquire the 100% interest in Detour West.

On February 22, 2023, the Company entered into a property purchase agreement with Luke Schuss (the "Vendor") to acquire 100% interest in an additional 50 claims located within the Detour West property. As consideration, the Company paid cash payments of \$2,450, and granted a 1.25% NSR under the terms of a Royalty Agreement. The Royalty Agreement also contains a provision that allows for a reduction of the Royalty Interest to 0.75% by making a payment of \$250,000 to the Vendor at any time before the property reaches commercial production.

(b) Urban Barry, Quebec

During the year ended March 31, 2020, the Company staked 190 claim cells for a total of 10,714 hectares in Urban Barry Property in Quebec, Canada for \$12,512. During the year ended March 31, 2022, the management of the Company wrote off this amount to profit or loss. The Company has kept some of the claims in good standing.

(c) Carbo Property, British Columbia

On September 21, 2021, the Company entered to a Mineral Property Acquisition Agreement with Eagle Bay Resources Corp, an exploration company in British Columbia, to sell the Carbo Property, a mineral property previously written down to \$nil, for \$150,000. The Company received \$150,000 cash in the sale of the property, which was recognized as other income during the year ended March 31, 2022.

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7. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES (Continued)

(d) Hemlo Property, Ontario

Hemlo West

On January 23, 2020, and as amended on February 15, 2020, the Company entered into a mineral property acquisition agreement with Rudolf Wahl (the “Vendor”) in which the Company would acquire a 100% interest in 125 mineral claims located in Cotte, Pic & Lecours Townships, Thunder Bay Mining District, Ontario, Canada (also known as “Hemlo Property”) in exchange for cash of \$120,000, issuance of 333,333 post-Consolidation common shares (1,000,000 pre-Consolidation common shares – see note 9(b)) and incur \$200,000 in exploration expenditures as follows:

	<u>Cash</u>		<u>Shares</u>		<u>Exploration expenditures</u>
January 23, 2020	\$ 20,000	(paid)	66,666	(issued)	
January 24, 2021	25,000	(paid)	66,666	(issued)	
January 24, 2022	25,000	(paid)	66,667	(issued)	
January 24, 2023	25,000		66,667		
January 24, 2024	25,000		66,667		\$ 200,000 ⁽¹⁾
	<u>\$ 120,000</u>		<u>333,333</u>		

⁽¹⁾ The \$200,000 exploration expenditures are required to be spent within four years of signing the agreement. By the year ended March 31, 2022, the Company spent a total of \$25,000 on this property.

The Company would pay to the Vendor a royalty of 3% Gross Overriding Royalty (“GOR”) with respect to diamonds extracted. The Company shall have the right to purchase 2% of the GOR from the Vendor in consideration of \$2,000,000. The Company shall have first right of an offer to obtain the remaining 1%.

The Company would pay to the Vendor a royalty of 3% Net Smelter Royalty (“NSR”) with respect to any non-diamond minerals and/or metals. The Company shall have the right to purchase 2% of the NSR from the Vendor in consideration of \$2,000,000.

Upon completion of a NI 43-101 compliant resource exceeding 1,000,000 ounces of Gold, the Company would issue 166,667 post-Consolidation common shares (500,000 common shares pre-Consolidation) to the Vendor. Upon completion of a positive bankable feasibility study, the Company would issue 333,333 post-Consolidation common shares (1,000,000 pre-Consolidation common shares) to the Vendor.

The management of the Company decided not to pursue this project and had written-off \$150,500 in acquisition costs during the year ended March 31, 2022. The claims were forfeited and returned to the Vendor in June 2022.

Hemlo South

During the year ended March 31, 2020, the Company staked another 74 claims in the Hemlo South project located in the Archean Schreiber-Hemlo greenstone belt for a total of \$3,700. These claims expired on February 11, 2022 and management of the Company decided not to pursue this project. The \$3,700 in acquisition costs was written-off during the year ended March 31, 2022.

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8. CONVERTIBLE NOTE AND SETTLEMENT OF ACCOUNTS PAYABLE

On October 25, 2022, the Company, Pioneer and 101252103 Saskatchewan Ltd. entered into a debt settlement agreement where the Company will make the following payments to settle in full the debt to Pioneer and 101252103 Saskatchewan Ltd.:

- a) Cash payments in the aggregate amount of \$100,000 as follows (paid):
- i. The greater of \$50,000 and such amount equal to 10% of the gross proceeds received by the Company from a 2022 fall private placement over \$500,000 up to \$1,000,000, up to a maximum of \$100,000; and
 - ii. The balance, if any, which is the difference between \$100,000 and the amount paid per above, shall be paid out of proceeds to be received by the Company from any equity or debt financing by the Company subsequent to the 2022 fall private placement.
- In December 2022, the Company paid the aggregate amount of \$100,000 to Pioneer.
- b) The issuance by the Company to Pioneer of an unsecured convertible note of \$150,000 (the "Convertible Note"), with a term of two years, convertible at:
- i. \$0.18 post-Consolidation per share in year one; or
 - ii. The greater of market price and \$0.10 post-Consolidation per share in year two.

The convertible note does not bear any interest and is convertible by Pioneer any time, and can be forced to convert by the Company any time after one year from the issuance of the convertible note.

On November 22, 2022, the Company issued the Convertible Note. The Convertible Note was bifurcated into an embedded derivative representing the conversion option and a host liability. The derivative liability of this Convertible Note was valued at \$63,000, determined using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 3.93% and an expected volatility of 163.44%. The residual amount of \$87,000, subtracting the issuance transaction cost of \$4,000 allocated by proration, resulted in \$83,000 recognized as host liability of the Convertible Note, and will be amortized using the effective annual interest rate of 34.48%. The issuance transaction cost of \$2,997 related to the derivative liability by proration was expensed. As at March 31, 2023, the Company incurred \$10,000 accretion expense in connection with the amortization of the host liability of this Convertible Note.

On March 31, 2023, the derivative liability of this Convertible Note was re-valued at \$105,000, determined using the Black-Scholes Option Pricing Model assuming an expected life of 1.35 years, expected dividend yield of 0%, a risk-free interest rate of 3.78% and an expected volatility of 159.08%, resulting in a loss on re-valuation of derivative liability of \$42,000.

- c) The issuance of the Company's post-Consolidation common shares with a deemed value of \$50,000 at a deemed price per share as may be allowed under the Exchange policies. The Company may, at its option and at any time prior to December 1, 2022, elect to pay Pioneer \$50,000 in cash instead.

The Company elected to pay Pioneer \$50,000 in cash.

As at March 31, 2023, the Company has fulfilled the aggregate of \$150,000 cash payment to Pioneer.

Upon settling the debt in full with Pioneer, the Company recorded a gain on settlement of accounts payable of \$301,046 (2022 - \$Nil).

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9. SHARE CAPITAL

(a) Authorized:

As of March 31, 2023, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid. On October 17, 2022, the Company consolidated its common shares on the basis of three pre-consolidated common shares for one post-consolidated common share of the Company (the "Consolidation"). All references to the number of shares and per-share amounts are restated to reflect this Consolidation.

(b) Share issuances:

During the year ended March 31, 2023:

On July 21, 2022, the Company issued 666,667 post-Consolidation common shares (2,000,000 pre-Consolidation common shares) pursuant to a property agreement valued at \$50,000 (Note 7(a)).

On December 14, 2022, the Company completed a non-brokered private placement by issuing 15,875,000 units ("Unit") at a price of \$0.06 per Unit for gross proceeds of \$952,500 (the "Offering"). Each Unit is comprised of one post-Consolidation common share of the Company ("Common Share") and one non-transferable common share purchase warrant ("Warrant"). Each full Warrant entitles the holder to purchase one post-Consolidation common share of the Company ("Warrant Share") at an exercise price of \$0.12 per Warrant Share for a period of three years expiring on December 14, 2025. The fair value of the warrants was \$420,186, which was included in equity reserves. The fair value used to determine the pro-rata allocation to the warrants has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on the announcement date of \$0.06, risk-free interest rate of 3.7%, dividend yield of 0%, volatility of 162.22% and expected life of three years. The Company may elect to accelerate the expiry of the Warrants in the event the closing price of the Common Shares on the Exchange equals or exceeds \$0.24 per Common Share for thirty consecutive trading days commencing April 15, 2023, in which case the Warrants will expire 30 days after the date on which the Company provides written notice of acceleration. The Company incurred share issue costs of \$11,130 in connection with this financing.

During the year ended March 31, 2022:

On April 14, 2021, the Company issued an aggregate of 15,833 post-Consolidation common shares (47,500 pre-Consolidation common shares) pursuant to the exercise of stock options for total proceeds of \$7,125 with a trading price of \$0.69 per post-Consolidation share. The Company transferred \$8,075 from reserves.

On April 15, 2021, the Company completed a non-brokered private placement of 1,777,778 post-Consolidation units (5,333,334 pre-Consolidation units) at a price of \$0.45 per post-Consolidation unit for total proceeds of \$800,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.69 per post-Consolidation common share expiring on April 15, 2023. The fair value of the warrants was \$342,713, which was included in equity reserves. The fair value used to determine the pro-rata allocation to the warrants has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on the announcement date of \$0.75, risk-free interest rate of 0.31%, dividend yield of 0%, volatility of 134.18% and expected life of two years.

On February 18, 2022, the Company issued a total of 733,333 post-Consolidation common shares (2,200,000 pre-Consolidation common shares) pursuant to the terms of two property agreements valued at \$140,000.

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9. SHARE CAPITAL (Continued)

(c) Stock options:

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis. Options may be exercisable for a maximum of ten years from the date of grant.

Stock option transactions and the number of stock options for the year ended March 31, 2023 are summarized as follows:

Expiry date	Exercise price	March 31, 2022	Granted	Exercised	Expired / Cancelled	March 31, 2023				
January 11, 2023	\$ 0.60	237,333	-	-	(237,333)	-				
February 14, 2023 (a)	\$ 0.45	110,625	-	-	(110,625)	-				
June 1, 2023 (a)(b)	\$ 0.45	276,250	-	-	-	276,250				
March 27, 2024 (c)	\$ 0.45	110,625	-	-	-	110,625				
March 27, 2024 (c)	\$ 0.075	-	225,000	-	-	225,000				
September 17, 2025	\$ 0.45	150,000	-	-	-	150,000				
January 4, 2028	\$ 0.075	-	2,025,000	-	-	2,025,000				
March 27, 2028	\$ 0.11	-	175,000	-	-	175,000				
Options outstanding		884,833	2,425,000	-	(347,958)	2,961,875				
Options exercisable		884,833	2,425,000	-	-	2,961,875				
Weighted average exercise price	\$	0.49	\$	0.08	\$	-	\$	0.55	\$	0.15

(a) With the resignations and replacement of certain directors, 110,625 of the options with an original expiration date of September 17, 2025 expired on February 14, 2023, 276,250 of the options with an original expiration date of September 17, 2025 will expire on June 1, 2023 (subsequently expired), all being one year after the resignations. The weighted average contractual remaining life of options as at March 31, 2023 is calculated based on the updated expiry date of these options.

(b) Subsequent to March 31, 2023, 276,250 options expired on June 1, 2023.

(c) With the resignation of a director, these options with original expiration dates of September 17, 2025 and January 4, 2028 will expire on March 27, 2024.

As at March 31, 2023, the weighted average contractual remaining life of options is 3.81 year (March 31, 2022 – 2.75 years).

Stock option transactions and the number of stock options for the year ended March 31, 2022 are summarized as follows:

Expiry date	Exercise price	March 31, 2021	Granted	Exercised	Expired / Cancelled	March 31, 2022				
January 11, 2023	\$ 0.60	237,333	-	-	-	237,333				
September 17, 2025	\$ 0.45	663,333	-	(15,833)	-	647,500				
Options outstanding		900,666	-	(15,833)	-	884,833				
Options exercisable		900,666	-	-	-	884,833				
Weighted average exercise price	\$	0.49	\$	-	\$	0.45	\$	-	\$	0.49

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9. SHARE CAPITAL (Continued)

(c) Stock options (Continued):

The weighted average assumptions used to estimate the fair value of options for the years ended March 31, 2023 of \$164,100 were as follows:

	2023	2022
Expected dividend yield	0.00%	n/a
Expected stock price volatility	159.25% - 161.38%	n/a
Risk-free interest rate	3.05% - 3.43%	n/a
Forfeiture rate	0.00%	n/a
Expected life of options	5 years	n/a
Share price on grant date	\$0.07 - \$0.11	n/a

(d) Warrants:

The continuity of warrants for the year ended March 31, 2023 is as follows:

Expiry date	Exercise price	March 31, 2022	Issued	Exercised	Expired	March 31, 2023				
December 22, 2022	\$ 0.60	345,513	-	-	(345,513)	-				
September 14, 2023	\$ 0.45	590,567	-	-	-	590,567				
April 15, 2023 (a)	\$ 0.69	1,777,778	-	-	-	1,777,778				
December 14, 2025	\$ 0.12	-	15,875,000	-	-	15,875,000				
Warrants outstanding		2,713,858	15,875,000	-	(345,513)	18,243,345				
Weighted average exercise price	\$	0.63	\$	0.12	\$	-	\$	0.60	\$	0.19

(a) Subsequently, these warrants are extended for one year to April 15, 2024. (Note 15(a))

As at March 31, 2023, the weighted average contractual remaining life of warrants is 2.47 years (March 31, 2022 – 1.09 years).

The continuity of warrants for the year ended March 31, 2022 is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022				
December 22, 2022	\$ 0.60	345,513	-	-	-	345,513				
September 14, 2023	\$ 0.45	590,567	-	-	-	590,567				
April 15, 2023	\$ 0.69	-	1,777,778	-	-	1,777,778				
Warrants outstanding		936,080	1,777,778	-	-	2,713,858				
Weighted average exercise price	\$	0.51	\$	0.69	\$	-	\$	-	\$	0.63

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9. SHARE CAPITAL (Continued)

(e) Agent's warrants:

The continuity of agent's warrants for the year ended March 31, 2023 is as follows:

Expiry date	Exercise price	March 31, 2022	Issued	Exercised	Expired	March 31, 2023
March 24, 2023	\$ 0.75	90,183	-	-	(90,183)	-
Agent's warrants outstanding		90,183	-	-	(90,183)	-
Weighted average exercise price	\$ 0.75	\$ -	\$ -	\$ -	\$ 0.75	\$ -

As at March 31, 2023, the weighted average contractual remaining life of agent's warrants is nil (March 31, 2022 – 0.98 year).

The continuity of agent's warrants for the year ended March 31, 2022 is as follows:

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022
March 24, 2023	\$ 0.75	90,183	-	-	-	90,183
Agent's warrants outstanding		90,183	-	-	-	90,183
Weighted average exercise price	\$ 0.75	\$ -	\$ -	\$ -	\$ -	\$ 0.75

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain current and former directors and officers. Key current and former management compensation comprise of:

For the year ended March 31, 2023:

	Service for	Key management compensation	Share-based payments ⁽⁹⁾	TOTAL
Michael Schuss ⁽¹⁾ Former Director, Chief Executive Officer	Management fees	\$ 35,000	\$ -	\$ 35,000
Geoff Balderson ⁽²⁾ Former Director, Chief Financial Officer	Consulting fees	\$ 6,000	\$ -	\$ 6,000
Michael Burns ⁽³⁾ Former Director	Geological and finance charge	\$ (26,880)	\$ -	\$ (26,880)
Casey Forward ⁽⁵⁾ Former Director	Consulting fees	\$ 66,825	\$ -	\$ 66,825
Daniel Rodriguez ⁽⁶⁾ CEO	Management fees	\$ 120,000	\$ 26,000	\$ 146,000
Mark T. Brown ⁽⁷⁾ CFO	Professional fees	\$ 118,773	\$ 19,500	\$ 138,273
Owen Garfield ⁽⁸⁾ Director	Marketing fees, recorded in shareholder communications	\$ 10,500	\$ 14,625	\$ 25,125
Other directors and officers	Option grant	\$ -	\$ 74,725	\$ 74,725

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10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

For the year ended March 31, 2022:

	Service for	Key management compensation	Share-based payments ⁽⁹⁾	TOTAL
Michael Schuss ⁽¹⁾ Former Director, Chief Executive Officer	Management fees	\$ 165,000	\$ -	\$ 165,000
Geoff Balderson ⁽²⁾ Former Director, Chief Financial Officer	Consulting fees	\$ 36,000	\$ -	\$ 36,000
Michael Burns ⁽³⁾ Former Director	Geological and finance charge	\$ 1,540,279	\$ -	\$ 1,540,279
Casey Forward ⁽⁵⁾ Former Director	Consulting fees	\$ 10,000	\$ -	\$ 10,000

Related party balances:

Amounts included in Accounts payable and accrued liabilities:	Services for:	As at March 31, 2023	As at March 31, 2022
Hard Rock Consulting ⁽⁴⁾	Consulting	\$ -	\$ 30
Geoff Balderson ⁽²⁾	Consulting	-	186
101252103 Saskatchewan Ltd. ⁽³⁾	Geological	-	52,500
Pioneer Exploration Consultants Ltd. ⁽³⁾	Geological	-	575,426
Pacific Opportunity Capital Ltd. ⁽⁷⁾	Accounting	8,715	-
Total		\$ 8,715	\$ 628,142

Amounts owing are unsecured, non-interest bearing and have no specific terms of repayment other than the balance owed to Pioneer Exploration Consultants Ltd. ("Pioneer"). On October 25, 2022, the Company and Pioneer, along with 101252103 Saskatchewan Ltd., settled the amounts owing and the repayment terms (Note 8).

Amounts included in Prepaid expenses and deposit:	Services for:	As at March 31, 2023	As at March 31, 2022
Harmony Corporate Services ⁽²⁾	Accounting	\$ 3,150	\$ 3,150
Total		\$ 3,150	\$ 3,150

(1) Michael Schuss ceased to be a director and an officer of the Company on June 1, 2022.

(2) Geoff Balderson's consulting fees were incurred with Harmony Corporate Services, a private company controlled by Mr. Balderson. Mr. Balderson ceased to be a director and an officer of the Company on June 1, 2022.

(3) Michael Burns' consulting fees were incurred with 101252103 Saskatchewan Ltd. and Pioneer, two private companies controlled by Mr. Burns. On February 15, 2022, Mr. Burns resigned from being a director of the Company. The negative amount incurred during the year ended March 31, 2023 was due to the credit note provided (Note 7). On October 25, 2022, the Company and Pioneer, along with 101252103 Saskatchewan Ltd., settled the amounts owing to \$300,000 (Note 8).

(4) Rafael Vaudrin's consulting fees were incurred with Hard Rock Consulting, a private company controlled by Mr. Vaudrin. On February 15, 2022, Mr. Vaudrin resigned from being a director of the Company. On June 1, 2022, Mr. Vaudrin was appointed as a director of the Company again. On March 27, 2023, Mr. Vaudrin resigned from being a director of the Company.

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10. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

- (5) Casey Forward was appointed as a director effective February 15, 2022. Mr. Forward ceased to be a director on June 1, 2022.
- (6) Daniel Rodriguez was appointed as the Chief Executive Officer effective June 1, 2022.
- (7) Mark T. Brown was appointed as the Chief Financial Officer effective June 1, 2022. Mr. Brown's accounting fees were incurred with Pacific Opportunity Ltd., a private company controlled by Mr. Brown.
- (8) Owen Garfield was appointed as the Director effective June 1, 2022. Mr. Garfield's marketing fees were incurred with Navitas Surveyors Ltd., a private company controlled by Mr. Garfield.
- (9) The share-based payments are the Black-Scholes values of the options granted during the year.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. LOANS PAYABLE

	As at March 31, 2023	As at March 31, 2022
Amounts included in Loans payable:		
Former director	\$ -	\$ 310
Total	\$ -	\$ 310

Loans payable are unsecured, non-interest bearing and have no specific terms of repayment. As at March 31, 2023, the Company has written-off all the amounts owing.

12. CAPITAL RESOURCES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject, other than flow-through commitments (Note 14). Capital of the Company comprises cash and shareholders' equity (deficiency).

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.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the year.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- a. Liquidity risk
- b. Market risk
- c. Credit risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in the note.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at March 31, 2023, the Company had a cash balance of \$157,461 and an amount receivable of \$19,982 to settle accounts payable and accrued liabilities of \$64,592. Further, the Company has a Convertible Note with a principal balance of \$150,000 that is due on November 22, 2024, if not converted before maturity.

The Company's management team will continue to monitor the cash and has planned accordingly. Subsequent to the year end, the Company completed a private placement (Note 15).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

The Company is not exposed to significant interest rate risk.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash, accounts payable and accrued liabilities, loans payable and note payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of a secondary market and the significant cost of obtaining external appraisals.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

March 31, 2023	Level 1	Level 2	Level 3	Total
Cash	\$ 157,461	\$ -	\$ -	\$ 157,461
Convertible note - derivative liability	-	105,000	-	105,000
March 31, 2022	Level 1	Level 2	Level 3	Total
Cash	\$ 199,582	\$ -	\$ -	\$ 199,582

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14. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

		March 31, 2023	March 31, 2022
Loss before tax	\$	522,198	\$ 2,184,167
Statutory tax rate		27.00%	27.00%
Expected income tax recovery		141,000	589,700
Non-deductible and other items		44,700	9,000
Change in deferred tax asset not recognized		(185,700)	(598,700)
Income tax recovery	\$	-	\$ -

The unrecognized deductible temporary differences as at March 31, 2023 and 2022 are comprised of the following:

		March 31, 2023	Expiry date	March 31, 2022	Expiry date
Exploration and evaluation assets	\$	7,583,182	None	\$ 7,660,387	None
Equipment		12,952	None	12,246	None
Financing costs		50,818	2024-2027	69,803	2023-2025
Non-capital losses		6,692,749	2029-2043	6,330,147	2029-2042
Convertible note		48,000	2024	-	-
Unrecognized deductible temporary differences	\$	14,387,701		\$ 14,072,583	

On March 24, 2021, the Company entered into flow-through share subscription agreements whereby it was committed to incur within a 24 month period a total of \$1,026,250 of qualifying CEE, of which approximately \$193,746 was incurred as at March 31, 2021 with a balance of \$832,504 remaining. A flow through premium of \$41,050 was recognized initially, with \$33,300 remaining at March 31, 2021 and \$7,750 was recognized as other income during the year ended March 31, 2021. During the year ended March 31, 2022, the Company incurred the remaining \$832,504 in exploration expenditures and recognized the remaining \$33,300 as other income.

15. SUBSEQUENT EVENTS

- (a) On April 12, 2023, the Exchange approved the extension of the 1,777,778 Post-Consolidation share purchase warrants with an original expiry date of April 15, 2023, to be extended for one year with a new expiration date of April 15, 2024. The exercise price of \$0.69 and all the other terms and conditions of the warrants remained unchanged (Note 9(d)).
- (b) On May 15, 2023, the Company completed a non-brokered private placement by issuing 6,818,182 non-flow through units at a price of \$0.11 per unit and 1,428,572 flow-through units of the Company at a price of \$0.14 per flow-through unit for gross proceeds to the Company of \$950,000. Each unit is comprised of one post-Consolidation common share of the Company and one half of one common share purchase warrant, and each flow-through unit is comprised of one flow-through post-Consolidation common share of the Company and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one post-Consolidation common share of the Company at an exercise price of \$0.22 for a period of three years expiring on May 15, 2026. In connection with this financing, the Company paid cash finder's fee of \$14,649, and issued 129,900 agent's warrants. Each agent's warrant entitles the holder to purchase one post-Consolidation common share of the Company at a price of \$0.11 per share for a period of one year expiring on May 15, 2024.