

# GSP RESOURCE CORP

Condensed Interim Financial Statements

Three months ended August 31, 2023

Expressed in Canadian Dollars

[Unaudited – prepared by management]

# **GSP RESOURCES CORP**

1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4  
Telephone (604) 619 7469

## **NOTICE OF NO AUDITOR REVIEW**

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

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

# GSP RESOURCE CORP

Condensed Interim Statement of Financial Position  
Expressed in Canadian dollars  
[Unaudited – prepared by management]

As at	August 31, 2023	May 31, 2023
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	300,360	189,063
GST receivable	11,096	6,594
Marketable securities (Note 5)	4,000	5,600
Prepaid expense	6,597	9,897
<b>Total current assets</b>	<b>322,053</b>	<b>211,154</b>
<b>Reclamation bond (Note 4)</b>	<b>27,000</b>	<b>27,000</b>
<b>Exploration and evaluation assets (Note 5)</b>	<b>2,188,622</b>	<b>2,161,812</b>
<b>Total assets</b>	<b>2,537,975</b>	<b>2,399,966</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	43,982	67,309
Due to related parties	-	1,000
Share subscriptions received in advance (Note 6)	-	108,000
<b>Total liabilities</b>	<b>43,982</b>	<b>176,309</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital (Note 6)</b>	<b>3,662,283</b>	<b>3,304,141</b>
<b>Reserves (Note 6)</b>	<b>632,629</b>	<b>564,469</b>
<b>Deficit</b>	<b>(1,821,218)</b>	<b>(1,644,953)</b>
<b>Total shareholders' equity</b>	<b>2,493,693</b>	<b>2,223,657</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,537,975</b>	<b>2,399,966</b>

Note 1 - Nature of operations and going concern  
Note 8 - Commitments

These financial statements are authorized for issue by the Board of Directors on October 24, 2023

They are signed on the Company's behalf by:

"Simon Dyakowski"  
Director

"Chris Dyakowski"  
Director

The accompanying notes are an integral part of these financial statements

## GSP RESOURCE CORP

Condensed Interim Statement of Loss and Comprehensive Loss  
Expressed in Canadian dollars, except for number of shares  
[Unaudited – prepared by management]

	Three Months Ended August 31, 2023	Three Months Ended August 31, 2022
	\$	\$
<b>General and administrative expenses</b>		
Business development	23,000	-
Insurance	1,875	1,875
Investor relations	2,500	-
Management fees (Note 7)	30,000	30,000
Office and miscellaneous	1,038	2,337
Professional fees	16,401	5,000
Regulatory and transfer agent fees	11,857	2,630
Rent	2,250	2,500
Share based compensation	64,000	-
Shareholder information	20,193	-
Travel and promotion	706	358
Website	533	250
	174,353	42,965
Interest income	(888)	(86)-
Interest and panalties	-	2,071
Unrealized loss on marketable securities	2,800	3,500
<b>Net loss and comprehensive loss for the period</b>	176,265	48,450
<b>Basic and diluted loss per share</b>	(0.01)	(0.01)
<b>Weighted average number of common shares</b>		
- Basic and diluted	25,151,533	20,667,440

The accompanying notes are an integral part of these financial statements

## GSP RESOURCE CORP

Condensed Interim Statement of Cash Flows  
Expressed in Canadian dollars  
[Unaudited – prepared by management]

	Three Months Ended August 31, 2023	Three Months Ended August 31, 2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(176,265)	(48,450)
Unrealized loss on disposition of marketable securities	2,800	
Share based compensation	64,000	
Changes in non-cash working capital items:		
GST receivable	(4,502)	(1,704)
Prepaid expenses	3,299	3,175
Accounts payable and accrued liabilities	(23,327)	15,067
Due to related parties	(1,000)	500
<b>Net cash flows used in operating activities</b>	(134,995)	(27,912)
<b>Investing activities</b>		
Exploration and evaluation assets investments (Note 5)	4,391	-
<b>Net cash flows used in investing activities</b>	4,391	-
<b>Financing activities</b>		
Common shares issued for cash, net of share issue costs	244,301	-
<b>Net cash flows used in financing activities</b>	244,301	-
<b>Increase (decrease) in cash</b>	111,297	(27,912)
<b>Cash, beginning of period</b>	189,063	240,116
<b>Cash, end of period</b>	300,360	212,204

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**GSP RESOURCE CORP**

Condensed Interim Statements of Changes in Equity  
Expressed in Canadian dollars, except for number of shares  
[Unaudited – prepared by management]

	<u>Common shares</u>		<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
		\$	\$	\$	\$
<b>Balance, May 31, 2022</b>	20,677,440	3,148,704	529,256	(1,356,007)	2,321,953
Net loss and comprehensive loss for the period	-	-	-	(48,450)	(48,450)
<b>Balance, August 31, 2022</b>	20,677,440	3,148,704	529,256	(1,404,457)	2,273,503
Flow through share premium (Note 6)	1,512,500	113,437	7,563	-	121,000
Shares issued for mineral property (Note 5, 6)	400,000	42,000	-	-	42,000
Stock based compensation (Note 6e)	-	-	27,650	-	16,925
Net loss and comprehensive loss for the period	-	-	-	(240,496)	(240,496)
<b>May 31, 2023</b>	22,589,940	3,304,141	564,469	(1,644,953)	2,223,657
Shares issued pursuant to private placement	3,000,000	348,142	4,160	-	352,302
Shares issued for mineral property (Note 5, 6)	333,332	30,000	-	-	30,000
Stock based compensation (Note 6e)	-	-	64,000	-	64,000
Net loss and comprehensive loss for the period	-	-	-	(176,265)	(176,265)
<b>Balance, August 31, 2023</b>	25,923,272	3,682,283	632,629	(1,821,218)	2,493,694

The accompanying notes are an integral part of these financial statements

# GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2023

Expressed in Canadian dollars

[Unaudited – prepared by management]

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## 1. Nature and Continuance of Operations and Going Concern

GSP Resource Corp. (the “Company”) was incorporated on February 19, 2018, under the Business Corporations Act (British Columbia) under the name GSP Resource Corp. The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

These financial statements have been prepared using 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 rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern, the most significant of these being the Company’s ability to carry out its business objectives dependent on the Company’s ability to receive continued financial support from investors, to obtain public equity financing, or to generate profitable operations in the future. Other uncertainties include the fact that the Company is currently in the exploration stage for its interests in the Olivine Mountain and Alwin properties in British Columbia, Canada (see Note 5), the economic viability of which have not been fully assessed. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of capitalized costs on the Olivine Mountain and Alwin properties is uncertain and dependent upon projects achieving commercial production or sale. The outcome of these matters cannot be predicted at this time. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing, there is no assurance management will be successful or that it will establish future profitable operations.

	<b>August 31</b> <b>2023</b>	<b>May 31</b> <b>2023</b>
Deficit	\$ (1,821,218)	\$ (1,644,953)
Working capital	\$ 278,071	\$ 34,845

If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such amounts would be material.

### Basis of presentation

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all of the information required for full annual financial statements.

## **GSP RESOURCE CORP**

Notes to Condensed Interim Financial Statements

August 31, 2023

Expressed in Canadian dollars

[Unaudited – prepared by management]

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### **2. Significant Accounting Policies**

#### **Basis of presentation (cont'd...)**

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements were approved by the Board of Directors of the Company on October 24, 2023.

#### **Adoption of new accounting standards**

The Company did not adopt any new accounting standard changes or amendments in the current year that had a material impact on the Company's financial statements.

#### **New accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC; however, none have been identified as applicable or consequential to the Company.

#### **Cash**

Cash consists of cash on hand and deposits in banks with no restrictions. Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days. There were no cash equivalents as of August 31, 2023 and May 31, 2023.

#### **Marketable securities**

Marketable securities consist of common shares of publicly traded companies listed on the TSX Venture Exchange. Marketable securities are classified as FVTPL and are recorded at their fair values using quoted market prices at the statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses is recorded in the statements of loss and comprehensive loss.

#### **Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

#### **Reclamation bond**

Reclamation bonds are required by the British Columbia Ministry of Energy and Mines and are represented by Guaranteed Interest Certificates ("GIC") held in the Company's name at a bank. The reclamation bonds cannot be withdrawn by the Company without the consent of the Ministry of Natural Resources.

## **GSP RESOURCE CORP**

Notes to Condensed Interim Financial Statements

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### **2. Significant Accounting Policies (cont'd...)**

#### **Asset retirement obligation**

Provisions for the decommissioning, restoration and rehabilitation are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of capital will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Upon initial recognition of the liability, the corresponding costs are added to the carrying amount of the related asset and amortized as an expense, using a systematic method, over the economic life of the asset. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted annually for the passage of time and changes to the amount or timing of the underlying cash flows needed to settle the obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. The Company does not have any asset retirement obligation as of August 31, 2023 and 2022.

#### **Mining exploration tax credit**

Mining tax credits are recorded as a reduction of the related deferred exploration expenditures upon receipts from the Canada Revenue Agency ("CRA"). These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

#### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

## **GSP RESOURCE CORP**

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### **2. Significant Accounting Policies (cont'd...)**

#### **Share based payments**

Share based payments to directors, officers and consultants are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. The corresponding amount is recorded to the reserves. The Company applies the fair value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

#### **Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

#### **Flow-through shares**

Flow-through shares expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A flow through share premium liability is recognized for this difference and included in deferred tax recovery at the time the qualifying expenditures are made. In the case that the Company does not issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

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.

## **GSP RESOURCE CORP**

Notes to Condensed Interim Financial Statements

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### **2. Significant Accounting Policies (cont'd...)**

#### **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Financial instruments**

##### Financial assets

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL.

The Company's accounting policy for each of the categories is as follows:

##### Financial assets at FVTPL

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

##### Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss.

## **GSP RESOURCE CORP**

Notes to Condensed Interim Financial Statements

August 31, 2023

Expressed in Canadian dollars

[Unaudited – prepared by management]

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### **2. Significant Accounting Policies (cont'd...)**

#### **Financial instruments (cont'd...)**

##### Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

##### 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.

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred.

The Company's accounting policy for each category is as follows:

##### Financial liabilities at FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

##### Financial liabilities at amortized cost

This category includes accounts payable and accrued liabilities and due to related parties, which are recognized at amortized cost using the effective interest method:

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the statements of loss and comprehensive loss immediately while transaction costs associated with other financial liabilities are included in the initial measurement of the financial liability.

### **3. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

## **GSP RESOURCE CORP**

Notes to Condensed Interim Financial Statements

August 31, 2023

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### **3. Significant accounting judgments and estimates (cont'd...)**

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

- Impairment of exploration and evaluation assets (E&E assets)

In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators for the Company's E&E assets as of August 31, 2023 and 2022 and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective of developing the Olivine Mountain and Alwin Mineral Properties.

- Going concern assessment

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 as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

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

- Fair value calculation of stock-based compensation

The fair value of share-based payments in relation to the agent warrants and options granted is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

- Current and deferred tax taxation

The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgement and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgements and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and result of operations.

### **4. Reclamation bond**

As of August 31, 2023, two reclamation bonds in the total amount of \$27,000 (May 31, 2023 - \$27,000), plus accrued interest if any, is held with the British Columbia Ministry of Energy and Mines. The two bonds are held with Bank of Montreal with interest rate of prime less 2.7% and less 2.8%.

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### 5. Exploration and Evaluation Assets

#### Alwin Property, Kamloops Mining Division, British Columbia

On January 30, 2020 (as amended November 27, 2020, and December 16, 2022), the Company entered into an option agreement to acquire a 100% interest in 9 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$200,000 (of which \$75,000 is paid as of August 31, 2023), and issue 4,833,332 of the Company's common shares (of which 1,433,332 are issued as of August 31, 2023) as follows:

Date	Cash	Shares
Upon receipt of TSX Venture Exchange approval of the Option Agreement (February 11, 2020 - the "Approval Date" –) (paid and issued)	\$ 25,000	200,000
On or before 1 <sup>st</sup> Anniversary of the Approval Date (paid and issued)	\$ 25,000	200,000
On or before 2 <sup>nd</sup> Anniversary of the Approval Date (paid and issued)	\$ 25,000	300,000
On or before 3 <sup>rd</sup> Anniversary of the Approval Date (issued)	\$ -	400,000
On or before August 5, 2023 (as amended December 16, 2022) (issued)	\$ -	333,332
On or before 4 <sup>th</sup> Anniversary of the Approval Date	\$ 50,000	500,000
On or before 5 <sup>th</sup> Anniversary of the Approval Date	\$ 75,000	900,000
On or before the earlier of a bankable feasibility study and the 8 <sup>th</sup> Anniversary of the Approval Date	\$ -	2,000,000
	<u>\$ 200,000</u>	<u>4,833,332</u>

During the term of the option, the Company is required to keep the claims in good standing. These claims are also subject to a 1.8% Gross Smelter Return ("GSR") Royalty to the Optionors. The Company has the option to repurchase 0.8% GSR Royalty for \$1,500,000, leaving the Optionors with a 1% GSR Royalty.

#### Olivine Mountain Property, Similkameen Mining Division, British Columbia

On February 23, 2018 (as amended October 17, 2019, and further amended December 24, 2019), the Company entered into an option agreement to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$80,000 (of which \$80,000 is paid as of August 31, 2023), issue 275,000 of the Company's common shares (of which 275,000 are issued as of August 31, 2023) and incur aggregate minimum exploration expenditure of \$300,000 on the Olivine Property (all of which has been incurred) as follows:

	Cash	Shares	Minimum Exploration Expenditures
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-	-
Within 10 days of the Listing Date, (paid and issued)	\$ 20,000	200,000	-
Six-month anniversary of the Listing Date (paid)	\$ 20,000	-	-
Fifteenth-month anniversary of the Listing Date (issued and incurred)	\$ -	75,000	\$100,000
Twenty-fourth month anniversary of the Listing Date (incurred)	\$ -	-	\$200,000
Thirtieth month anniversary of the Listing Date (paid)	\$ 25,000	-	-
	<u>\$ 80,000</u>	<u>275,000</u>	<u>\$300,000</u>

During the term of the option, the Company is required to keep the claims in good standing.

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### **5. Exploration and Evaluation Assets (cont'd...)**

#### **Olivine Mountain Property, Similkameen Mining Division, British Columbia (cont'd...)**

These claims are also subject to a 2% Net Smelter Return (“NSR”) Royalty payable commencing from the date upon which the Property is put into commercial production, 100% of which can be acquired at a purchase price of \$1,00,000 for each one-half (50%) of the NSR Royalty, leaving the Optionor with no NSR Royalty after payment of \$2,000,000.

#### Agreement with Full Metal Minerals Ltd.

The TSX Venture Exchange accepted for filing an option agreement dated February 24, 2020 (as amended on July 30, 2020, Aug. 28, 2020, Dec. 15, 2020, Feb. 1, 2021, March 12, 2021 and April 15, 2023), between Full Metal Minerals Ltd. and the Company, whereby Full Metal Minerals Ltd. has been granted an option to acquire 60 per cent of the Company’s right, title and interest in and to the Olivine Mountain property in British Columbia for consideration in the amount of \$535,000 in cash (of which \$110,000 is paid) and the issuance of 380,000 shares (of which 200,000 are issued) over four years. The exploration expenditures will be \$500,000 over four years (of which \$75,000 is spent).

Full Metal Minerals Ltd. completed the first-year cash payments of \$65,000 and issued 100,000 shares to the Company pursuant to the payment schedule in the option agreement. As of May 31, 2021, the marketable securities were valued at a quoted market price of \$0.43 per share for a total of \$43,000.

During the fiscal year ended May 31, 2022, the Company disposed of the 100,000 common shares of Full Metal Minerals Ltd. for net proceeds in the amount of \$14,745 and recognized a realized loss on the disposition of the marketable securities in the amount of \$28,255.

- The Company paid aggregate cash finder’s fees of \$7,699 and issued 64,155 non-transferable finder’s warrants at fair value of \$4,160 to certain brokers on a portion of the private placement. The finder’s warrants otherwise have the same terms as the warrants. As of May 31, 2023, the Company had proceeds of share subscriptions received in advance in the amount of \$108,000.

On April 15, 2023, the Company agreed to extend the terms of an option agreement between itself and Full Metal Minerals Ltd., whereby for consideration in the amount of \$20,000 and the issuance to the Company of 30,000 Full Metal Minerals Ltd. common shares (both of which were received subsequent to May 31, 2023), the Company agreed to extend certain terms of payment and exploration expenditure commitments.

During the three months ended August 31, 2023, the Company received 30,000 Full Metal Minerals Ltd. common shares at a fair value of \$1,200. as partial consideration for the disposition of Olivine Property. As of May 31, 2023, the Company held 70,000 shares at a fair value of \$5,600. As of August 31, 2023, the fair value of the 100,000 common shares of Full Metal Minerals Ltd. 2023 was \$4,000. During the three months ended August 31, 2023, the Company recorded an unrealized loss on marketable securities in the amount of \$2,800.

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**5. Exploration and Evaluation Assets (cont'd...)**

Exploration and Evaluation assets can be summarized as follow:

	May 31, 2022	Additions	May 31, 2023	Additions	August 31, 2023
	\$	\$	\$	\$	\$
<b>Acquisition costs</b>					
<b>Alwin Project</b>					
Property option payments - cash	75,000	42,000	117,000	-	117,000
Property option payments - shares	150,500	-	150,500	30,000	180,500
	225,500	42,000	267,500	30,000	297,500
<b>Olivine Property</b>					
Property option payments - cash	80,000	-	80,000	-	80,000
Property option payments - shares	49,250	-	49,250	-	49,250
Other claims - cash	991	-	991	-	991
Property option - proceeds from disposition	(107,175)	-	(107,175)	(21,200)	(128,375)
	23,066	-	23,066	(21,200)	1,866
	248,566	42,000	290,566	8,800	299,366
<b>Exploration costs</b>					
<b>Alwin Project</b>					
Drilling	826,218	-	826,218	-	826,218
Environmental consulting	1,230	-	1,230	-	1,230
Fieldwork	21,250	-	21,250	-	21,250
Geological consulting	302,382	62,768	365,150	14,477	379,626
Laboratory and analysis	96,437	-	96,437	-	96,437
Technical consulting	157,222	2,900	160,122	-	160,122
Travel, supplies and field expenses	34,739	699	35,438	3,533	38,971
	1,439,478	66,367	1,505,845	18,010	1,523,855
<b>Olivine Property</b>					
Airborne geophysical survey	85,000	-	85,000	-	85,000
Assessment report	8,564	-	8,564	-	8,564
Core cutting	8,050	-	8,050	-	8,050
Drilling	122,683	-	122,683	-	122,683
Fieldwork	7,609	-	7,609	-	7,609
Geological consulting	19,239	-	19,239	-	19,239
Geological survey	1,375	-	1,375	-	1,375
Laboratory analysis	69,002	-	69,002	-	69,002
Mobilization	8,467	-	8,467	-	8,467
Permitting	3,550	-	3,550	-	3,550
Project management	28,109	-	28,109	-	28,109
Road clearing	1,000	-	1,000	-	1,000
Soil sampling	36,315	-	36,315	-	36,315
Technical report	23,792	-	23,792	-	23,792
Travel supplies and field expenses	79,097	-	79,097	-	79,097
	501,852	-	501,852	-	501,852
Mining exploration tax credit	(136,451)	-	(136,451)	-	(136,451)
	1,804,879	66,367	1,871,246	18,010	1,889,256
<b>Balance, end of period</b>	2,053,445	108,367	2,161,812	26,810	2,188,622

## **GSP RESOURCE CORP**

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### **6. Share Capital**

#### **a) Authorized:**

Unlimited number of common shares with no par value.

#### **b) Issued and Outstanding**

As of August 31, 2023, 25,923,272 (May 31, 2023 – 22,589,940) common shares with no par value were issued and outstanding. See “Subsequent Events”.

During the three months ended August 31, 2023, the Company issued common shares of the Company as follows: follows:

- On June 15, 2023, the Company closed a non-brokered private placement of 3,000,000 units at a price of \$0.12 per unit for aggregate proceeds of \$360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of 36 months. The Company paid aggregate cash finder's fees of \$7,699 and issued 64,155 non-transferable finder's warrants at fair value of \$4,160 to certain brokers on a portion of the private placement. The finder's warrants otherwise have the same terms as the warrants. As of May 31, 2023, the Company had proceeds of share subscriptions received in advance in the amount of \$108,000.
- On July 12, 2023, the Company issued 333,332 common shares pursuant to the Alwin Property Option Agreement. (See “Exploration and Evaluation Assets”, Note 5).

During the fiscal year ended May 31, 2023, the Company issued common shares of the Company as follows: follows:

- On December 28, 2022, the Company issued 1,512,500 units at a price of \$0.08 per unit for gross proceeds of \$121,000. Each unit consists of one flow-through common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.15 per share for a period of one year. The 1,512,500 Warrants, were fair valued at \$7,563.
- On January 31, 2023, the Company issued 400,000 common shares pursuant to the Alwin Property (Note 5) at a fair value of \$0.105 per share.

#### **c) Flow-through shares**

On December 28, 2022, the Company issued 1,512,500 common shares on a flow through basis at a price of \$0.08 per share for gross proceeds of \$121,000. The Company renounced \$121,000 of the unspent funds under the look-back rules as of December 31, 2022. As of August 31, 2023, the Company has incurred approximately \$73,700 (May 31, 2023 - \$55,700) of qualified expenditures and has unspent funds in the amount of approximately \$47,300 (May 31, 2023 - \$65,300).

See subsequent events, Note 11.

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### 6. Share Capital (cont'd...)

#### d) Warrants

The following is a summary of warrant transactions:

	Three months ended August y 31, 2023		Year ended May 31, 2023	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding, beginning of the year	3,557,832	0.33	4,013,835	0.35
Warrants exercised during year	-	-	-	-
Warrants expired/cancelled during the period	(1,333,334)	0.45	(1,968,503)	0.295
Finder warrants issued, exercisable on or before June 15, 2026	64,155	0.20,	-	-
Warrants issued pursuant to unit offering, exercisable on or before June 15, 2026	3,000,000	0.20	-	-
Warrants issued pursuant to flow-through unit Offering, exercisable on or before December 28, 2023	-	-	1,512,500	0.15
<b>Warrants outstanding, end of the year</b>	<b>5,288,653</b>	<b>0.23</b>	<b>3,557,832</b>	<b>0.33</b>

Warrants outstanding and exercisable as of August 31, 2023, are as follows:

Number of warrants outstanding	Exercise price per warrant \$	Years to expiry	Expiry date
1,512,500	0.15	0.33	December 28, 2023
561,998	0.50	0.87	July 14, 2024
150,000	0.50	0.98	August 24, 2024
3,064,155	0.20	2.79	June 15, 2026
<b>5,288,653</b>	<b>0.23</b>	<b>1.83</b>	

As of August 31, 2023, the warrants have a weighted average remaining life of 1.83 years (May 31, 2023 – 0.54 years).

During the three months ended August 31, 2023:

- On June 15, 2023, the Company closed a non-brokered private placement of 3,000,000 units, each unit consists of one common share of the Company and one common share purchase warrant. The Company issued an additional 64,155 non-transferable finder's warrants. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share exercisable on or before June 15, 2026.

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### 6. Share Capital (cont'd...)

#### d) Warrants (cont'd...)

The following assumptions were used in the Black-Scholes model to determine the fair value of the 64,155 finder warrants granted were as follows:

	<b>Three months ended August 31, 2023</b>
Risk-free interest rate	4.22%
Expected dividend yield	-
Expected volatility	100.58%
Expected terms in years	3 years

On July 31, 2023, 1,333,334 warrants expired unexercised.

See subsequent.

During the fiscal year ended May 31, 2023:

- On November 16, 2022, 783,750 warrants exercisable at \$0.50 per share expired.
- On February 21, 2023, 1,184,753 warrants exercisable at \$0.16 expired.
- On December 28, 2022, the Company issued 1,512,500 warrants pursuant to a flow through share unit offering.

#### e) Stock options

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares, calculated at the date of the grant. No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all employees, and no more than an aggregate of 2% may be granted to all employees and/or consultants conducting investor relates activities. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all stock options granted under the Plan must not be less than the Discounted Market Price (the last closing price of the listed shares before the date of the grant less the applicable discount), and the maximum term of each stock option may not exceed ten years. Vesting is provided at the discretion of the directors and once vested; options are exercisable at any time.

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### 6. Share Capital (cont'd...)

#### e) Stock options (cont'd...)

The following is a summary of stock option transactions:

	Three months ended August 31, 2023		Year ended May 31, 2023	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding, beginning of the year	1,890,000	0.22	1,790,000	0.24
Options expired/cancelled	(300,000)	0.12	(350,000)	0.21
Granted and exercisable on or before February 14, 2025	-	-	450,000	0.12
Granted and exercisable on or before August 16, 2028	1,000,000	0.10	-	-
<b>Options outstanding, end of period</b>	<b>2,590,000</b>	<b>0.18</b>	<b>1,890,000</b>	<b>0.22</b>

Stock options outstanding and exercisable as of August 31, 2023, are as follows:

Number of options outstanding	Number of options exercisable	Exercise price per option \$	Years to expiry	Expiry date
900,000	900,000	0.20	0.25	November 29, 2023
50,000	50,000	0.20	1.10	October 4, 2024
75,000	75,000	0.20	1.42	January 29, 2025
375,000	375,000	0.12	1.46	February 14, 2025
490,000	490,000	0.32	1.96	August 17, 2025
1,000,000	900,000	0.10	4.96	August 16, 2028
<b>2,590,000</b>	<b>2,490,000</b>	<b>0.18</b>	<b>2.48</b>	

During the three months ended August 31, 2023:

- On July 5, 2023, 300,000 incentive stock options exercisable at \$0.12 per common share, expired unexercised.
- On August 16, 2023, the Company granted 1,000,000 incentive stock options at \$0.10 per common share, exercisable on or before August 16, 2028. Of these, 750,000 options granted to directors, officers (as below) vested immediately. 150,000 options to certain consultants also vested immediately. 100,000 options granted to Synergy Communications Capital Inc., a consultant providing investment relations services, vests quarterly over 12 months. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$64,000 (August 31, 2022 - \$Nil), which was recorded as stock-based compensation expense in the statement of loss and comprehensive loss.

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### 6. Share Capital (cont'd...)

#### e) Stock options (cont'd ...)

During the fiscal year ended May 31, 2023:

- On September 25, 2022, 50,000 options exercisable at a price of \$0.36 per share expired.
- During the fiscal year ended May 31, 2023, the Company cancelled 125,000 incentive stock options, exercisable at \$0.21 per share on or before November 15, 2023, 100,000 incentive stock options exercisable at \$0.20 per share on or before October 30, 2024, and 75,000 exercisable at \$0.12 per share on or before February 14, 2025.
- On February 14, 2023, the Company granted 450,000 incentive stock options to consultants, vesting immediately and exercisable on or before February 14, 2025, at a price of \$0.12 per share. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$27,650, which was recorded as stock-based compensation expense in the statement of loss and comprehensive loss.

The following assumptions were used in the Black-Scholes model to determine the fair value of the options granted:

	Three months ended August 31, 2023	Year ended May 31, 2023
Risk-free interest rate	3.97%	4.17%
Expected dividend yield	-	-
Expected volatility	108.38%	90.39%
Expected terms in years	5 years	2 years

### 7. Related Party Balances and Transactions

During the year ended August 31, 2023, the Company had the following related party transactions and balances:

- (a) The Company entered into a consulting agreement, with Max Investments Inc. (a company controlled by Christopher Dyakowski, a Director and Chairman of the Board) to provide management services for \$2,500 per commencing April 1, 2021).

During the three months ended August 31, 2023, the Company paid or accrued \$7,500 (2022 - \$7,500) to Max Investments Inc. Included in account payable and accrued liabilities as of August 31, 2023, is \$28,875 (May 31, 2023 - \$36,750).

- Included in due to related parties as of August 31, 2023, is \$Nil (May 31, 2023 - \$1,000) due to Christopher Dyakowski for expenses incurred on behalf of the Company.

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### 7. Related Party Balances and Transactions (cont'd...)

- (b) The Company entered into a consulting agreement (the “CEO Agreement”) with Simon Dyakowski, the Company’s Chief Executive Officer to provide management services for \$7,500 per month commencing April 1, 2021. During the three months ended August 31, 2023, the Company paid management fees in the amount of \$22,500 (2022 - \$22,500) to the Company’s Chief Executive Officer.
- Included in account payable and accrued liabilities as of August 31, 2023, is \$Nil (May 31, 2023 - \$10,500).
- (c) Included in professional fees is \$5,000 (2022 - \$5,000) paid or payable to the Company’s Chief Financial Officer (Kenneth Phillippe) for services rendered to the Company.
- Included in accounts payables and accrued liabilities as of August 31, 2023, is \$8,500 (May 31, 2023 - \$3,500).
- (d) On August 16, 2023, the Company granted 1,000,000 incentive stock options at \$0.10 per common share, exercisable on or before August 16, 2028. Of these, 750,000 options granted to directors, officers (as below) vested immediately. 150,000 options to certain consultants also vested immediately. 100,000 options granted to Synergy Communications Capital Inc., a consultant providing investment relations services, vests quarterly over 12 months.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

<b>Directors and officers</b>	<b>Position</b>	<b>Number of options</b>
Simon Dyakowski	CEO & Director	200,000
Christopher Dyakowski	Director	150,000
Kenneth Phillippe	CFO	100,000
Jordan Trimble	Director	100,000
Justin Kates	Director	100,000
Rodney Stevens	Director	100,000
		<hr/> 750,000

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 8. Commitments

See Notes 5 Exploration and Evaluation Assets and Note 7 Related Party Balances and Transactions.

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### **9. Financial Instruments**

#### ***Fair value of financial instruments***

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and due to related parties. The carrying value of cash, accounts payable and accrued liabilities and due to related parties are carried on the statements of financial position at amortized cost and the fair values of these financial instruments approximate their carrying value due to their short-term nature. Marketable securities are recorded at fair value based on the quoted market price in active markets at the recording date, which is consistent with Level 1 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of August 31, 2023, the Company had a cash balance of \$300,360 (May 31, 2023 - \$189,063) to settle due to related parties, accounts payable and accrued liabilities of \$43,982 (2023 - \$68,309). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### ***Credit risk***

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

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

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

### **10. Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Olivine Mountain property and the Alwin property claims in which the Company currently has an interest are in the exploration stage, as such the Company has historically relied on the equity markets to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the three months ending August 31, 2023, and during the year ending May 31, 2023.

### **11. Subsequent events**

On September 7, 2023, the Company issued 62,500 common shares upon the exercise of warrants at \$0.15 per common share.

On October 5, 2023, the Company issued 1,165,233 units at a price of \$0.215 per unit for gross proceeds of \$250,525. Each unit consists of one flow-through common share and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.30 per share for a period of two years. The Company paid aggregate cash finder's fees of \$14,000 and issued 74,419 non-transferable finder's warrants to certain brokers on a portion of the private placement. The finder's warrants are exercisable at \$0.215 for two years.,