



**(formerly eShippers Management Ltd.)**

Condensed Interim Consolidated Financial Statements  
**Resouro Gold Inc.**

**For the three and six months ended September 30, 2022**  
(Expressed in Canadian Dollars)

**Unaudited condensed interim consolidated financial statements**

**In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these condensed interim consolidated financial statements for the three and six months ended September 30, 2022 and 2021.**

**RESOURO GOLD INC. (formerly eShippers Management Ltd.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars)**

<b>As at,</b>	Notes	<b>September 30, 2022</b>	For the 15 months ended March 31, 2022
<b>ASSETS</b>			
Current assets			
Cash		<b>\$484,357</b>	\$9,466
Accounts receivable		<b>30,585</b>	29,759
		<b>514,942</b>	39,225
Non-current assets			
Property and equipment		<b>13,632</b>	1,043
Exploration and evaluation assets	5	<b>1,550,471</b>	1,149,135
<b>TOTAL ASSETS</b>		<b>2,079,045</b>	1,189,403
<b>LIABILITIES</b>			
Current liabilities			
Trade payables and accrued liabilities	6	<b>234,824</b>	504,603
Loan payable	3	-	191,693
Due to related party	8	<b>285,327</b>	307,324
<b>TOTAL LIABILITIES</b>		<b>520,151</b>	1,003,620
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	<b>6,525,640</b>	1,670,388
Deficit		<b>(4,966,746)</b>	(1,484,605)
Total shareholders' equity		<b>1,558,894</b>	185,783
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$2,079,045</b>	\$1,189,403
Going concern	1		

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 24, 2022.

**Approved by the Board of Directors**

"Christopher Eager" , CEO and Director

"David Cass" , Director

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

**RESOURO GOLD INC. (formerly eShippers Management Ltd.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian dollars)**

	Notes	For the three months ended		For the six months ended	
		September 30,		September 30,	
		2022	2021	2022	2021
<b>General and administrative</b>					
Consulting	8	\$23,033	\$63,525	\$129,434	\$104,798
Foreign exchange loss (gain)		188,138	(7,507)	230,000	18,626
Office and administrative expenses		54,626	955	80,810	1,720
Professional fees		89,489	22,891	145,762	40,560
Travel and related expenses		15,797	1,628	24,403	2,300
Exploration and evaluation expenditures	5	542,167	137,193	657,174	207,758
Net loss		913,250	218,685	1,267,583	375,762
<b>Other items</b>					
Listing expense	3	-	-	2,214,558	-
Net loss and comprehensive loss		\$913,250	\$218,685	\$3,482,141	\$375,762
<b>Net loss per share - basic and diluted</b>					
	9	\$(0.02)	\$(0.00)	\$(0.08)	\$(0.01)
Weighted average shares outstanding basic and diluted <sup>(1)</sup>		43,974,956	25,780,750	42,182,794	26,015,801

*(1) Adjusted for the 2:1 share consolidation completed immediately prior to the completion of the RTO.*

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

**RESOURO GOLD INC. (formerly eShippers Management Ltd.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars)**

	For the six months ended	
	September 30,	
	2022	2021
<b>Cash flow used in operating activities</b>		
Loss for the period	\$(3,482,141)	\$(375,762)
Items not affecting cash:		
Listing expense	2,214,558	-
RTO transactions	4,846	-
Depreciation	-	-
Foreign exchange	46,359	19,884
Net change in non-cash working capital balances:		
Accounts receivable	1,829	(14,495)
Trade payables and accrued liabilities	(348,181)	165,693
<b>Cash flow used in operating activities</b>	<b>(1,562,730)</b>	<b>(204,680)</b>
<b>Cash flow provided by financing activities</b>		
Related party financing	(21,997)	74,534
Private placement	2,394,373	959,258
<b>Cash flow provided by financing activities</b>	<b>2,372,376</b>	<b>1,033,792</b>
<b>Cash flow used in investing activities</b>		
Cash acquired from reverse take-over	3 66,580	-
Exploration and evaluation costs	(401,336)	(774,562)
<b>Cash flow used in investing activities</b>	<b>(334,756)</b>	<b>(774,562)</b>
<b>Net change in cash</b>	<b>474,890</b>	<b>54,550</b>
Cash at the beginning of the period	9,466	4,589
<b>Cash at the end of the period</b>	<b>\$484,357</b>	<b>\$59,139</b>

**Supplemental disclosure with respect to cash flows (Note 8)**

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

**RESOURO GOLD INC. (formerly eShippers Management Ltd.)**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian dollars)**

	<u>Share Capital</u>		Accumulated deficit	Total equity
	Number of shares	Amount		
Balance at March 31, 2020	21,905,750	\$718,416	\$(915,255)	\$(196,839)
Private placement	7,750,000	951,972	-	951,972
Net loss	-	-	(149,644)	(149,644)
Balance at March 31, 2021	29,655,750	1,670,388	(1,064,899)	605,489

	<u>Share Capital</u>		Accumulated deficit	Total equity
	Number of shares	Amount		
Balance at March 31, 2022	29,655,750	\$1,670,388	\$(1,484,521)	\$ 185,867
ISON shares cancelled in share exchange with shareholders in RTO	(29,655,750)	(1,670,388)	-	(1,670,388)
Shares issued in share exchange with shareholders in RTO (recapitalization)	29,655,750	1,670,388	-	1,670,388
Shares deemed to be issued in RTO	7,031,079	2,460,878	-	2,460,878
Shares issued from concurrent private placement	7,288,127	2,550,844	-	2,550,844
Share issuance costs	-	(156,470)	-	(156,470)
Listing expense	-	-	(2,214,558)	(2,214,558)
Loss for the period	-	-	(1,267,583)	(1,267,583)
<b>Balance at September 30, 2022</b>	<b>43,974,956</b>	<b>\$6,525,640</b>	<b>\$(4,966,746)</b>	<b>\$1,558,894</b>

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

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

Resouro Gold Inc. (“**the Company or Resouro**”), formerly eShippers Management Ltd. (“**eShippers**”), was incorporated on August 4, 1992 under the laws of British Columbia. The Company’s head office and registered and records office is 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0. The Company’s shares are listed on the TSX Venture Exchange under the symbol “RAU”.

The Company changed its fiscal year end to March 31<sup>st</sup> effective May 16, 2022 upon the completion of the Company’s reverse takeover transaction (“**RTO**”) (Note 3). The change in the fiscal year end is made for the purpose of streamlining the Company’s financial reporting. As part of the RTO, the Company completed a two-for-one (“**2:1**”) share consolidation of all its issued and outstanding shares. All share amounts and per share amounts have been adjusted accordingly.

The Company is an exploration stage company and has interests in mineral exploration properties in Brazil. Substantially all of the Company’s efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company’s interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The recoverability of resources discovered is dependent upon the reserves being economically recoverable, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, ability to obtain the necessary permits to mine, and future profitable production or proceeds from the disposition of these assets.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these condensed interim consolidated financial statements, the Company has entered into option agreements to acquire material property rights, but has not identified a known body of commercial-grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company estimates it does not have sufficient resources to fund its exploration programs and administrative expenses beyond the next twelve months. Management estimates that the Company currently has adequate capital to operate for the coming year.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business.

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

### **Basis of preparation and measurement**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”). Certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”) have been condensed or omitted, and accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2022.

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

The accounting policies, estimates, and judgements applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended March 31, 2022, except as described below. The Company's interim results are not necessarily indicative of its results for the full year.

### **Basis of consolidation**

These consolidated financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

### *Subsidiaries*

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company has two wholly owned subsidiaries. Ison Do Brasil Mineração (“**ISON do Brasil**”), which is incorporated in Brazil and Ison Mining Pte Ltd. (“**ISON**”), which is incorporated in Singapore.

### **Functional and Presentation Currency**

Effective May 16, 2022, the functional currency of the Company's subsidiaries ISON and ISON do Brasil changed from the US dollar to the Canadian dollar. The change in functional currency was triggered by the reverse acquisition by ISON (Note 3) and due to the internal integration activities that followed the reverse acquisition and considering the significance of Canadian dollar transactions going forward. The functional currency of the parent Company continues to be the Canadian dollar. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, the change in functional currency was applied prospectively from May 16, 2022 and all assets, liabilities and equity were translated to Canadian dollars, which is the new functional currency. The Company's presentation currency is the Canadian dollar.

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

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are recorded in profit or loss as incurred.

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being transferred to property under development. Thereafter, all costs will be capitalized to the property.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the

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

Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

### **Share capital**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as 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 Company considers the fair value of common shares issued in a financing to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as part of the share-based payment reserve. Transaction costs directly attributed to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

### **Critical accounting estimates and judgments**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments made by management in preparing the financial statements are described below. The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

#### *Functional currency*

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Canadian dollar was determined to be the functional currency for all entities within the corporate group on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

#### *Mineral properties under exploration*

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the

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

disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. RTO and acquisition of a company that does not meet the definition of a business (Note 3).

## **3. REVERSE ACQUISITION BY ISON**

In September 2021, the Company entered into a definitive share purchase agreement (“**SPA**”), subsequently amended, with ISON for an arm's-length reverse takeover, wherein the Company acquired all of the outstanding shares of ISON from its shareholders in exchange for 29,655,750 post-consolidation common shares of the Company, after its two-for-one share consolidation. In November 2021, the Company entered into a loan agreement with ISON for US\$150,000 (C\$190,593) bearing interest at 5% per annum calculated and payable monthly in arrears until the completion of the RTO. The transaction closed on May 15, 2022.

This transaction constituted a reverse asset acquisition by ISON of eShippers, who did not meet the definition of a business, before acquisition, under IFRS 3 Business Combinations (“**IFRS 3**”), and therefore the transaction was not a business combination as defined therein. The substance of the transaction was a reverse acquisition of a non-operating company. Although legally, eShippers is regarded as the parent or continuing entity, ISON, whose shareholders held approximately 67.4% of the voting shares of the Company immediately after the transaction, is treated as the acquirer for accounting purposes following the principles of IFRS 3. As a result, the transaction is accounted for as an asset acquisition with ISON being identified as the acquirer and the transaction being measured at the fair value of the equity consideration deemed issued to the eShippers' shareholders in accordance with IFRS 2 Share-based Payments (“**IFRS 2**”).

Consequently, the transaction is accounted for as a continuation of the financial statements of ISON, together with a deemed issuance of shares equivalent to the shares held by the former shareholders of the Company, and a recapitalization of the equity of eShippers. These condensed interim consolidated financial statements include the completion of the RTO recorded on May 16, 2022. ISON, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of the eShippers in a capital transaction. The unaudited condensed interim consolidated statements of loss and comprehensive loss include the full results of ISON for the six months ended September 30, 2022 and 2021, and for eShippers from the date of acquisition to September 30, 2022. As the acquirer for accounting purposes, ISON's net assets are included in the unaudited condensed interim consolidated statements of financial positions at their carrying amounts.

IFRS 2 applies to transactions where any entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, the amount assigned to the listing expense in profit or loss is \$2,214,558, being the difference between the aggregate estimated fair value of deemed issuance shares equivalent to the shares held by the former shareholders of eShippers, less the fair value of the net assets acquired of eShippers. The estimated fair value of the deemed issuance shares equivalent to the shares held by the former shareholders of the eShippers was based on the concurrent financing.

**RESOURO GOLD INC.** (formerly eShippers Management Ltd.)  
Notes to the Condensed Interim Consolidated Financial Statements  
For the three and six months ended September 30, 2022  
(Expressed in Canadian Dollars)

**3. REVERSE ACQUISITION BY ISON** (Continued)

The purchase price allocation is as follow:

	<b>Amounts</b>
Consideration paid:	
Common shares retained by acquiree shareholders	\$2,460,878
<b>Total consideration paid</b>	<b>2,460,878</b>
Net assets acquired:	
Cash	66,580
Receivables	2,655
Loan receivable (Note 3)	196,385
Accounts payable and accrued liabilities	(19,300)
Total net assets acquired	246,320
Listing expense	2,214,558
<b>Total assets acquired</b>	<b>\$2,460,878</b>

The Company completed a concurrent non-brokered private placement of 7,288,127 units at a price of \$0.35 per unit for gross proceeds of \$2,550,844 (Note 6). Each unit consists of one common share and one-half of a share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the date of issuance, subject to an acceleration clause.

**4. PROPERTY AND EQUIPMENT**

	<b>Asset</b>	<b>Depreciation</b>	<b>Net Book Value</b>
<b>Computer &amp; software</b>			
<b>Opening balance</b>	<b>1,127</b>	<b>(84)</b>	<b>1,043</b>
Additions	451	(134)	317
	<i>1,578</i>	<i>(218)</i>	<i>1,360</i>
<b>Furniture</b>			
Opening balance	-	-	-
Additions	6,790	(78)	6,712
	<i>6,790</i>	<i>(78)</i>	<i>6,712</i>
<b>Machinery</b>			
Opening balance	-	-	-
Additions	5,574	(14)	5,559
	<i>5,574</i>	<i>(14)</i>	<i>5,559</i>
<b>Balance at September 31, 2022</b>	<b>\$13,942</b>	<b>\$(311)</b>	<b>\$13,632</b>

## 5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

	March 31, 2022	Additions	Reductions	September 30, 2022
<b>Brazil</b>				
Buracão Gold	\$ 126,058	\$367,740	\$ -	\$ 493,798
Novo Mundo	875,386	33,596	-	908,982
Pernambuco	22,702	-	-	22,702
Santa Angela	124,989	-	-	124,989
	<b>\$1,149,135</b>	<b>\$401,336</b>	<b>\$ -</b>	<b>\$1,550,471</b>

### Buracão Gold project

In February 2021, the Company entered into an option agreement with a private owner to acquire 100% interest in mineral rights on the Buracão Gold project, located at the border between the States of Tocantins and Goias, Brazil. The Company agreed to make the following payments over the term of the agreement:

- US\$10,000 (\$12,888) on the date of signing (paid);
- US\$90,000 (\$113,170) within 25 days after the date of signing (paid);
- US\$250,000 (\$367,740) in cash or common shares of the Company by May 24, 2022 (paid cash);
- US\$450,000 in cash or common shares of the Company by February 26, 2023;
- US\$750,000 in cash or common shares of the Company by February 26, 2024; and
- US\$1,050,000 in cash or common shares of the Company by February 26, 2025.

The seller will retain a 1.25% net smelter return (“NSR”) royalty on the mineral rights, where the Company can exercise buyback after commencement of production for 80% of the fair value.

### Novo Mondo project

In May 2021, the Company entered into an agreement with NEXA Recursos Minerais S.A. (“NEXA”) for the rights to conduct exploration work for up to three years (the “**Exploration Period**”) on the Novo Mundo project located in the State of Mato Grosso, Brazil. The Company has paid US\$350,000 (C\$426,441).

By the end of the Exploration Period, if the identified resource target is predominately precious metals, the Company shall have the first right to develop and solely fund the project and NEXA will retain a 1.5% NSR.

By the end of the Exploration Period, if the identified resource target is predominately base metals (including copper, zinc, and/lod lead and its by-products):

- NEXA shall have the first right to develop and solely fund the project and the Company will retain a 1.5% NSR; and
- if NEXA does not wish to proceed, the Company may elect to develop the project and NEXA will retain a 1.5% NSR.

Either party has the option to buy back the NSR from the counterparty for:

- US\$2,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) before May 11, 2023; and
- US\$5,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) between May 11, 2021 to May 11, 2026.

## 5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES *(Continued)*

In addition, the Company agreed to assume all of NEXA's obligations under specific agreements and has paid the following amounts:

- R\$1,750,000 (\$426,441) in July 2021;
- R\$840,000 (\$202,692) in September 2021;
- R\$193,333 (\$43,809) in November 2021;
- R\$580,000 (\$135,159) in May 2022;
- R\$193,333 (\$48,488) in May 2022; and
- R\$193,333 (\$52,393) in May 2022.

### **Pernambuco project**

In December 2021, the Company acquired certain mineral exploration rights from the Brazilian department of mines Agência Nacional de Mineração ("ANM") to conduct exploration work on the Pernambuco project in the State of Pernambuco, Brazil. Total consideration paid was US\$17,788 (C\$22,702).

### **Santa Angela project**

In December 2021, the Company acquired certain mineral exploration rights from the ANM to conduct mineral exploration work on the Santa Angela project in the State of Mato Grosso, Brazil. Total consideration paid for the exploration rights was US\$97,935 (C\$124,989).

### **Exploration and evaluation expenditures**

<b>For the six months ended September 30</b>	<b>2022</b>	<b>2021<sup>1</sup></b>
<b>Novo Mondo</b>		
Drilling	\$ 432,444	\$ -
Consulting - Geologists	68,378	145,034
Professional fees	46,838	22,176
Travel	76,266	14,227
Camp	13,570	-
Mineral right fees and taxes	15,948	11,016
Administrative	3,730	15,305
<b>Total exploration and evaluation expenditures</b>	<b>\$ 657,174</b>	<b>\$ 207,758</b>

<sup>1</sup> Relates to general research and bidding expenses.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>September 30</b>	<b>March 31</b>
	<b>2022</b>	<b>2022</b>
Trade and other payables	\$234,824	\$504,603
Accrued liabilities	285,327	307,324
	<b>\$520,151</b>	<b>\$811,927</b>

## 7. SHARE CAPITAL

### Authorized

As at September 30, 2022, the authorized share capital of the Company was an unlimited number of common shares without par value.

### Issued

On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of \$0.35 per unit for gross proceeds of \$2,550,844 concurrent to the RTO. Each unit consists of one common share and one-half of a share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. The Company paid finder's fees of \$156,470.

Under the terms of the RTO the Company issued 29,655,750 common shares as consideration to the ISON shareholders with a fair market value of \$1,670,388. The pre-RTO shareholders were deemed to hold 7,031,079 common shares with a fair market value of \$2,460,878.

	<i>Number</i>	<i>Value</i>
Balance at December 31, 2020	21,905,750	718,416
Private placement	7,750,000	951,972
Balance at December 31, 2021	29,655,750	1,670,388
Shares cancelled in share exchange with shareholders in RTO	(29,655,750)	(1,670,388)
Shares issued in share exchange with shareholders in RTO	29,655,750	1,670,388
Shares deemed to be issued in RTO	7,031,079	2,460,878
Shares issued from concurrent private placement	7,288,127	2,550,844
Share issue costs	-	(156,470)
<b>Balance at September 30, 2022</b>	<b>43,974,956</b>	<b>\$6,525,640</b>

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors. The aggregate value of transactions relating to key management personnel are as follows:

For the six months ended September 30, 2022	
Officers	\$178,911
Directors	38,742
Expenses reimbursed	107,513
	<b>\$325,166</b>
For the six months ended September 30, 2021	
Officers	\$25,052
Directors	37,925
Expenses reimbursed	-
	<b>\$62,977</b>

As at September 30, 2022, \$285,327 (September 30, 2021 - \$271,727) was due to a director of the Company, such amounts were unsecured, interest-free, repayable on demand, and convertible into common shares after one year.

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

As at September 30, 2022, \$37,807 (September 30, 2021 \$56,758) was due to key management personnel for fees or reimbursable expenses and are included in accounts payable and accrued liabilities.

As at September 30, 2022, \$1,277 (September 30, 2021 nil) was due from a key management personnel included in receivables. The balance is unsecured and non-interest bearing.

**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the six months ended September 30, 2022, the Company:

- issued 29,655,750 common shares as consideration in a reverse acquisition by ISON with a fair market value of \$1,670,388; and
- recorded 7,031,079 common shares deemed to be issued on the RTO transaction (Note 3) with a fair market value of \$2,460,878.

During the six months ended September 30, 2021, there were no significant non-cash investing or financing activities.

**10. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT**

The Company classified its financial instruments as follows:

	<b>September 30 2022</b>	March 31 2022
Financial assets - amortized cost:		
Cash	<b>\$484,357</b>	\$9,466
Receivables	<b>30,585</b>	29,759
Financial liabilities - amortized cost:		
Accounts payable and accruals	<b>234,824</b>	504,603
Loan payable	-	191,693
Due to related party	<b>285,327</b>	307,324

**Fair value**

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash, receivables, accounts payable and accrued liabilities, and due to related party approximate their fair value because of the short-term nature of these instruments.

**Capital risk management**

Capital is comprised of the Company's components of shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to

## **10. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT** (*Continued*)

continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not subject to any capital restrictions and did not change its approach to capital management during the most recent period.

### **Credit risk**

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, and receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

### **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 has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on the issuance of shares and warrants to fund exploration programs and will require doing so again in the future.

### **Currency risk**

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures have been incurred in United States dollars and Brazilian reals. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

### **Interest rate risk**

As the Company's interest-bearing assets do not have significant interest rates, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

## **11. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment: the acquisition and exploration of mineral properties in Brazil.