



Midnight Sun Mining Corp.

Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023, and 2022.

*(Expressed in Canadian Dollars)
(Unaudited)*

Midnight Sun Mining Corp.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

Notice of No Review of Condensed Consolidated Interim Financial Statements

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

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

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

Midnight Sun Mining Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As At	September 30, 2023	December 31, 2022
ASSETS		
Current		
Cash	\$ 18,552	\$ 40,483
Advances and deposits	53,063	19,058
Loans and debenture receivable (note 9)	-	119,969
Receivables	15,433	11,817
	87,048	191,327
Right-of-use asset (note 4)	-	17,089
Investments (note 9)	525,000	525,000
Exploration and evaluation assets (note 5)	9,961,348	9,961,348
Total Assets	\$ 10,573,396	\$ 10,694,764
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 104,849	\$ 343,108
Lease liabilities (note 6)	-	18,429
Due to related parties (note 9)	40,838	117,124
	145,687	478,661
Loan payable (note 7)	40,000	40,000
Total Liabilities	185,687	518,661
Shareholders' Equity		
Share capital (note 8)	22,082,698	21,015,097
Share subscriptions received in advance (note 8)	-	5,000
Reserves – options (note 8)	2,608,547	2,109,929
Reserves – warrants (note 8)	271,657	240,561
Deficit	(20,131,799)	(18,751,090)
	4,831,103	4,619,497
Non-controlling interest (note 5)	5,556,606	5,556,606
Total Shareholders' Equity	10,387,709	10,176,103
Total Liabilities and Shareholders' Equity	\$ 10,573,396	\$ 10,694,764

Nature of operations (note 1)
 Commitments and contingences (note 12)

“Robert Sibthorpe”
 Robert Sibthorpe, Director

“Allan Fabbro”
 Allan Fabbro, Director

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

Midnight Sun Mining Corp.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Expenses				
Accounting and audit fees	\$ 28,500	\$ 26,500	\$ 102,951	\$ 73,579
Accretion on lease liabilities (note 6)	63	732	728	2,657
Consulting fees (note 9)	21,070	32,750	63,749	70,589
Depreciation expense (note 4)	4,462	6,408	17,846	19,224
Exploration cost (note 5)	40,783	667,290	237,662	739,615
Foreign exchange loss (gain)	5,345	31,771	4,309	24,001
Investor and shareholder relations	55,029	89,565	161,593	210,906
Legal fees	1,125	-	25,166	16,381
Office services and miscellaneous	11,828	18,690	64,318	57,104
Regulatory and transfer agent fees	6,558	5,102	38,952	38,926
Share-based payments (notes 8 and 9)	618	406,314	525,725	407,890
Wages and benefits (note 9)	100,401	91,101	286,327	265,748
	(275,782)	(1,376,223)	(1,529,326)	(1,926,620)
Allowance for doubtful account recovery (expense) (note 9)	150,000	-	146,135	-
Interest income (note 9)	-	17,128	2,482	49,063
Loss and comprehensive loss for the period	(125,782)	(1,359,095)	(1,380,709)	(1,877,557)
Loss attributable to:				
Owners of the parent	(125,782)	(1,359,095)	(1,380,709)	(1,877,557)
Non-controlling interest	-	-	-	-
	\$ (125,782)	\$ (1,359,095)	\$ (1,380,709)	\$ (1,877,557)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	118,404,275	113,004,014	118,208,387	113,004,014

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

Midnight Sun Mining Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Attributable to owners of the parent							Non-controlling interest	Total shareholders' equity
	Shares	Amount	Share subscriptions received in advance	Reserves – warrants	Reserves – options	Deficit	Total		
Balance, December 31, 2021	113,004,014	\$ 21,015,097	\$ -	\$ 240,561	\$ 1,693,878	\$ (15,914,633)	\$ 7,034,903	\$ 5,900,029	\$ 12,934,932
Share-based payments	-	-	-	-	407,890	-	407,890	-	407,890
Loss for the period	-	-	-	-	-	(1,877,557)	(1,877,557)	-	(1,877,557)
Balance, September 30, 2022	113,004,014	21,015,097	-	240,561	2,101,768	(17,792,190)	5,565,236	5,900,029	11,465,265
Share subscription received	-	-	5,000	-	-	-	5,000	-	5,000
Share-based payments	-	-	-	-	8,161	-	8,161	-	8,161
Adjustment to non-controlling interest in Zambian High Light	-	-	-	-	-	343,423	343,423	(343,423)	-
Loss for the period	-	-	-	-	-	(1,302,323)	(1,302,323)	-	(1,302,323)
Balance, December 31, 2022	113,004,014	21,015,097	5,000	240,561	2,109,929	(18,751,090)	4,619,497	5,556,606	10,176,103
Private placement	4,685,000	937,000	(5,000)	-	-	-	932,000	-	932,000
Warrants exercised	542,000	138,210	-	(2,710)	-	-	135,500	-	135,500
Options exercised	350,000	84,857	-	-	(27,107)	-	57,750	-	57,750
Share issuance costs	-	(58,660)	-	-	-	-	(58,660)	-	(58,660)
Share issuance costs – agents' warrants	-	(33,806)	-	33,806	-	-	-	-	-
Share-based payments	-	-	-	-	525,725	-	525,725	-	525,725
Loss for the period	-	-	-	-	-	(1,380,709)	(1,380,709)	-	(1,380,709)
Balance, September 30, 2023	118,581,014	\$ 22,082,698	\$ -	\$ 271,657	\$ 2,608,547	\$ (20,131,799)	\$ 4,831,103	\$ 5,556,606	\$ 10,387,709

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

Midnight Sun Mining Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the nine-month period ended September 30,	2023		2022	
Operating activities				
Loss for the period	\$	(1,380,709)	\$	(1,877,557)
Items not affecting cash:				
Depreciation		17,846		19,224
Accretion on lease liabilities		728		2,657
Change in allowance for doubtful accounts		(146,135)		-
Share-based payments		525,725		407,890
Unrealized foreign exchange		(1,966)		-
Interest accrued on loans receivable		(2,482)		(49,063)
Changes in non-cash working capital items				
Accounts payable and accrued liabilities		(238,259)		93,066
Due to related parties		(76,286)		(38,721)
Accounts receivable		(3,616)		(10,283)
Advances and deposits		(34,005)		2,631
		(1,339,159)		(1,450,156)
Investing activities				
Loans advanced		-		(303,885)
		-		(303,885)
Financing activities				
Proceeds from private placements		932,000		-
Proceeds from warrant exercises		135,500		-
Proceeds from option exercises		57,750		-
Share issuance costs		(58,660)		-
Loan repayments received		270,552		-
Payments toward lease liabilities		(19,914)		(21,120)
		1,317,228		(21,120)
Net change in cash		(21,931)		(1,775,161)
Cash, beginning of period		40,483		2,564,905
Cash, end of period	\$	18,552	\$	789,744
SUPPLEMENTAL NON-CASH DISCLOSURES				
Valuation of finders' warrants included in share issuance costs	\$	33,806	\$	-
Adjustment to lease liabilities and right of use assets	\$	757	\$	887
Fair value of warrants reclassified to reserves on exercise	\$	2,710	\$	-
Fair value of options reclassified to reserves on exercise	\$	27,107	\$	-
Loans receivable settled against accounts payable and accrued liabilities	\$	-	\$	20,435

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

1. Nature of Operations

Midnight Sun Mining Corp. (the “Company”) was incorporated on April 11, 2007 pursuant to the Business Corporations Act of British Columbia. The Company’s principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company’s efforts are devoted to financing and exploring these property interests. There has been no determination whether the Company’s interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “MMA”, and its corporate head office is located at Suite 770, 789 West Pender Street, Vancouver, BC.

2. Basis of Presentation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with international Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 27, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2022. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2022, could result in restatement of these unaudited condensed consolidated interim financial statements.

b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

During the nine-month period ended September 30, 2023, and the year ended December 31, 2022, the Company experienced operating losses before income taxes and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business.

These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

As at September 30, 2023, the Company had an accumulated deficit of \$20,131,799 (December 31, 2022 - \$18,751,090) and had a working capital deficiency of \$58,639 (December 31, 2022 – \$287,334). Management has estimated that the Company will require additional financing to complete all planned exploration programs. Continued operations are dependent on the Company's ability to complete public equity financing, secure project debt financing or generate profitable operations in the future.

In the event cash flow from operations, if any, together with the proceeds for any future financings are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations.

These condensed consolidated interim financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

c) Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Control exists when the Company possess power over an investee, has exposure to variable returns from the investee and the ability to use its power over the investee to affect its returns. All significant inter-company transactions have been eliminated upon consolidation. The Company's significant subsidiaries are as follows:

	Country of Incorporation	Effective Interest
Midnight Sun Mining Zambia Limited ("MSM Zambia")	Zambia	100%
Midnight Sun One Co.	BVI	100%
Midnight Sun Two Co.	BVI	100%
Zambian High Light Mining Investment Limited ("ZHL MIL")	Zambia	84.30%
FAMS Mining Zambia Limited ("FAMS")	Zambia	100%

d) Functional and presentation currency

The Company's reporting and functional currency is the Canadian dollar. The functional currency of MSM Zambia, Midnight Sun One Co., Midnight Sun Two Co., FAMS, and ZHL MIL is also the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at the exchange rate in effect on the statement of financial position date while non-monetary assets and liabilities are translated at historical rates, and revenues and expenses are translated at the average rates over the reporting period. Gains and losses from these translations are included in the results from operations.

e) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cashflow information.

f) Estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated financial interim statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

i. Asset carrying values and impairment charges.

At each reporting period, the Company reviews its non-current assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount of the cash generating unit for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves, estimated future commodity prices, the expected future operating and capital costs and discount rates. Changes in any of these assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

ii. Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

iii. Share-based payments

Estimating the fair value of granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected rate of forfeitures and dividend yield and making assumptions about them.

iv. Provision for environmental rehabilitation

The Company assesses its reclamation provisions at each reporting date. Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, cost, and timing of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rate, and changes in discount rates. These uncertainties may result in future expenditures differing from the amounts currently provided.

v. Functional currency

Management considers the determination of the functional currency of the Company a significant judgment. Management has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and considered various factors including the currency of historical and future expenditures and the currency in which funds from financing activities are generated. A Company's functional currency is only changed when there is a material change in the underlying transactions, events, and conditions.

vi. Investments

The fair value of financial instruments that are not traded in an active market is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

vii. Loans receivable

The Company exercises judgment in identifying impaired loans receivable, the collection of which may be uncertain. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status and days outstanding.

3. Management of Financial Risk

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company has designated its investments at level 2 (Note 9).

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized as follows.

a) Fair value

The carrying value of receivables, loan receivable, short-term investments, accounts payable and accrued liabilities, loan payable, and amounts due to related parties approximated their fair value because of the short-term nature of these instruments.

b) Interest rate risk

The Company has non-material exposure at September 30, 2023 and December 31, 2022, to interest rate risk through its financial instruments.

c) Currency risk

Throughout the nine-month period ended September 30, 2023, and the year ended December 31, 2022, the majority of the Company's cash was held in Canadian dollars, the Company's functional and reporting currency. The Company is exposed to currency risk due to accounts payable denominated in US Dollars. A 1% change in the foreign exchange rate between the Canadian and US Dollar would not result in a material fluctuation in the loss for the period.

d) Credit risk

The Company has some cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company also has \$4,907 held with a major financial institution in Zambia. Management believes the risk of loss to be remote.

Receivables consist of goods and services tax due from the Government of Canada in the amount of \$15,433. The Company also holds a convertible debenture from a related party with a pre-allowance balance of \$1,181,129 (December 31, 2022 - \$1,327,264), bearing interest of 4.75% and payable on January 11, 2023. The Company assessed expected credit losses based upon current credit information and during the nine months period ended September 30, 2023, the Company took an allowance for doubtful accounts on the remaining loan receivable from a related party of \$3,865 (December 31, 2022 - \$ 365,016) (note 9). During the period ended September 30, 2023, the Company collected \$150,000 on the loan and recognized a change to allowance for doubtful accounts of \$150,000 for a net allowance of \$146,135 for the period.

e) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at September 30, 2023, the Company had \$18,552 cash (December 31, 2022 - \$40,483) and current liabilities of \$145,687 (December 31, 2022 - \$478,661).

4. Right-of-Use Asset

Cost	
Balance, December 31, 2021	50,200
Adjustment to lease liabilities (note 6)	887
Balance, December 31, 2022	\$ 51,087
Adjustment to lease liabilities (note 6)	757
Balance, September 30, 2023	\$ 51,844
Accumulated Depreciation	
Balance, December 31, 2021	\$ 8,366
Depreciation	25,632
Balance, December 31, 2022	33,998
Depreciation	17,846
Balance, September 30, 2023	\$ 51,844
Carrying Values	
December 31, 2022	\$ 17,089
September 30, 2023	\$ -

5. Exploration and Evaluation Assets

	Solwezi
Balance, December 31 2021 and 2022 and September 30, 2023	\$ 9,961,348

Solwezi property

Pursuant to an option agreement, the Company acquired a 60% interest in two Zambian mineral property licences (the "Solwezi Licenses") during the year ended December 31, 2019. The licenses are held by a Zambian registered company, ZHLMIL, of which Midnight Sun is a 60% shareholder through the Company's wholly owned subsidiary, Midnight Sun (BVI) Two Corp. The share transfer from Kam Chuen to Midnight Sun (BVI) Two Corp. occurred on October 20, 2019 and was registered in Zambia with the Patents and Companies Registration Agency. The acquisition was accounted for as an asset acquisition.

On March 1, 2017, the Acting Chief Registrar of Mining Rights issued the license 21509-HQ-LEL which will be in effect for a period of 4 years with the option for future renewals providing the license is maintained in accordance with the contained terms and the *Mines and Minerals Development Act, 2015*. On February 28, 2021, license 21509-HQ-LEL was renewed for a further 3 year period. In doing so, the Company was required to relinquish 50% of the license area. The relinquished 50% has been granted to Rio Tinto Exploration Zambia Limited as license 28816-HQ-LEL and is held on behalf of the Company as per the terms of the Earn-In and Joint Venture Agreement between Rio Tinto Mining and Exploration Limited ("Rio Tinto") and Midnight Sun. Following the termination of the Earn-In agreement with Rio Tinto, this 50% will be transferred to the Company.

On November 30, 2018, the Zambian Mining Cadastre issued a renewal of prospecting license 12124-HQ-LPL as large-scale exploration license, 12124-HQ-LEL, having an expiration date of December 23, 2021. This renewal was the final renewal period available to ZHLMIL. In accordance with the *Mines and Minerals Development Act, 2015*, for a period of 12 months, ZHLMIL is precluded from owning the same license area which expired. In order to preserve the license area, Rio Tinto formed a new corporation, Solwezi Metals Exploration Ltd., to apply for a

new License over the same area. The relationship between Solwezi Metals Exploration Ltd. and Midnight Sun is governed by the terms of the Earn-In and Joint Venture Agreement between Rio Tinto and Midnight Sun. Solwezi Metals Exploration Ltd.'s application was accepted by the Zambian Mining Cadastre on November 23, 2021, as licence 30678-HQ-LEL and has since been validated and has received final approval for granting.

On June 17, 2021, the Company increased its ownership share in ZHLMIL to 80.65% by participating in an issuance of 16,022 ZHLMIL ordinary shares at a price of \$618.52 with a total value of \$9,909,927. Of the total subscription, 5,756 ZHLMIL ordinary shares were fully paid up based on previous expenditures incurred by the Company in the amount of \$3,560,020. The remaining 10,266 ZHLMIL ordinary shares in the amount of \$6,349,726 were fully paid up by way of exploration expenditures made on behalf of ZHLMIL by the Company or the Company's former earn-in partner, Rio Tinto during the year ended December 31, 2020. On the acquisition of the additional 20.65% interest in the ZHLMIL, the Company recognized a decrease to the non-controlling interest of \$1,587,043 with a corresponding reduction in deficit.

On December 7, 2022, the Company increased its ownership share in ZHLMIL to 84.30% by participating in an issuance of 7,187 ZHLMIL ordinary shares at a price of \$618.52 with a total value of \$4,445,303. The remaining ordinary shares in the amount were fully paid up by way of exploration expenditures made on behalf of ZHLMIL by the Company or the Company's earn-in partner, Rio Tinto. On the acquisition of the additional 3.64% interest in the ZHLMIL, the Company recognized a decrease to the non-controlling interest of \$343,423 with a corresponding reduction in deficit.

As at September 30, 2023, the only asset held by ZHLMIL is the Solwezi exploration and evaluation asset. There were no operations within ZHLMIL for the period ended September 30, 2023, and accordingly no loss attributed to the NCI.

As at September 30, 2023, and December 31, 2022, the Company had funded the following cumulative exploration expenditures on the Solwezi Licenses:

	September 30, 2023	December 31, 2022
Site and project expenditures:		
Acquisition costs	\$ 9,961,348	\$ 9,961,348
Assays	340,664	334,763
Drilling	4,026,504	3,995,275
Field expenses	1,339,989	1,318,977
General and administrative	950,120	907,686
Geological consulting	1,788,846	1,676,760
License	268,870	268,870
Travel and accommodation	784,518	759,518
Total operations funded	\$ 19,460,859	\$ 19,223,197

The following table presents the Company's exploration expenditures on the Solwezi Licenses for the nine-month periods ended September 30, 2023, and 2022:

	September 30, 2023	September 30, 2022
Site and project expenditures:		
Assays	\$ 5,901	\$ 8,310
Drilling	31,229	443,611
Field expenses	21,012	26,933
General and administrative	42,434	65,515
Geological consulting	112,086	161,248
Licences	-	8,311
Travel & accommodation	25,000	25,687
Exploration cost	\$ 237,662	\$ 739,615

6. Lease liabilities

During the year ended December 31, 2021, the Company renewed its office lease for a term of 24 months from September 1, 2021 with expected total payments of \$55,626. Using an annual discount rate of 10%, the Company recognized a lease liability and corresponding right-of-use asset (note 4) of \$50,200 during the year ended December 31, 2021. During the period ended September 30, 2023, as a result of an amendment to the lease payment schedule, the Company recognized an adjustment to lease liabilities and right-of-use asset (note 4) of \$7 (year ended December 1, 2022 - \$887).

The following is a reconciliation of the changes in the lease liabilities for nine-month period ended September 30, 2023, and year ended December 31, 2022.

	September 30, 2023	December 31, 2022
Opening Balance	\$ 18,429	\$ 42,607
Adjustment	757	887
Payments	(19,914)	(28,293)
Lease accretion	728	3,228
	-	18,429
Lease liabilities, current portion	-	(18,429)
Lease liabilities, non-current portion	\$ -	\$ -

As at September 30, 2023, there are no further payments to be made under the lease liabilities.

7. Loan Payable

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended December 31, 2020, the Company applied for the CEBA and received the \$40,000 loan. The CEBA remains interest free until January 18, 2024, and has no fixed repayment schedule. If \$30,000 is repaid on or before January 18, 2024, the remaining \$10,000 will be forgiven. If, at January 18, 2024, any amount remains unpaid, the Company will enter into an extension agreement whereby it will accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time.

8. Share Capital and Reserves

a) Authorised

Unlimited number of common shares authorised, without par value.

b) Share issuances

At September 30, 2023, the Company had 118,581,014 common shares (December 31, 2022 – 113,004,014) issued and outstanding.

2023 share issuances

During the period ended September 30, 2023, the Company closed a non-brokered private placement by issuing 4,685,000 common share units at a price of \$0.20 per unit for gross proceeds of \$937,000, of which \$5,000 had been received at December 31, 2022. Each unit consist of one common share and one common share purchase warrant exercisable for a period of two years at a price of \$0.30 per common share. In connection with the offering, the Company paid finder's fees of \$58,660 and issued 292,800 finder's warrants exercisable for a period of two years at a price of \$0.30 per common share. The finder's warrants were valued at \$33,806 using the following Black-Scholes assumptions: risk-free rate of 4.03%, expected life of 2 years, and volatility of 92.74%.

2022 share issuances

There were no share issuances during the year ended December 31, 2022.

c) Stock options

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option may not be less than the closing price on the TSX-V on the last trading day preceding the grant date. Options granted to directors, officers, employees, and consultants vest upon grant. Options granted in relation to investor relation services vest in equal quarterly intervals over a term of 12 months.

Stock options outstanding and exercisable are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	6,100,000	0.27
Granted	3,650,000	0.17
Expired/Cancelled	(1,925,000)	0.31
Balance, December 31, 2022	7,825,000	\$ 0.21
Granted	3,300,000	0.21
Exercised	(350,000)	0.165
Expired/Cancelled	(2,050,000)	0.35
Balance, September 30, 2023	8,725,000	\$ 0.18
Exercisable, September 30, 2023	8,725,000	\$ 0.18

During the period ended September 30, 2023, the Company granted 3,300,000 stock options (year ended December 31, 2022 – 3,650,000) with a weighted average fair value of \$0.16 (year ended December 31, 2022 - \$0.12) per option. Total share-based payments recognized for the period ended September 30, 2023, was \$525,725 (2022 - \$407,890) for incentive options granted and vested. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	September 30, 2023	December 31, 2022
Weight average share price	\$ 0.210	\$ 0.165
Risk-free interest rate	3.19%	2.94%
Expected life of option	5 years	4.62 years
Expected annualized volatility	98.12%	95.15%
Expected dividend rate	0%	0%

At September 30, 2023, the Company has the following stock options outstanding:

Expiry date	Exercise price	Number of stock options outstanding	Weighted average years to expiry
May 6, 2025	\$ 0.135	2,025,000	1.60
April 28, 2026	\$ 0.31	200,000	2.58
August 12, 2027	\$ 0.165	3,200,000	3.87
March 10, 2028	\$ 0.21	3,300,000	4.45
		8,725,000	3.53

d) Warrants

Share purchase warrants outstanding and exercisable are summarized as follows:

	Warrants outstanding	Weighted average exercise price
Balance, December 31, 2021	14,137,809	\$ 0.35
Expired	(419,090)	0.25
Balance, December 31, 2022	13,718,719	0.36
Granted	4,977,800	0.30
Exercised	(542,000)	0.25
Expired	(7,557,005)	0.26
Balance, September 30, 2023	10,597,514	\$ 0.41

As at September 30, 2023, the Company had the following warrants outstanding:

Expiry date	Exercise price	Number of warrants outstanding	Weighted average years to expiry
July 2, 2024 ⁽¹⁾	\$ 0.50	5,619,714	0.76
January 5, 2023	\$ 0.30	4,977,800	1.27
		10,597,514	1.00

(1) During the period ended September 30, 2023, the life of these warrants was extended from July 2, 2023 to July 2, 2024.

9. Related Party Transactions and Key Management Compensation

The Company's related parties at September 30, 2023, consist of 8 officers and directors (and their related companies), as follows:

Name of Related Party	Position	Nature of transaction
Allan J. Fabbro	Director & CEO	Director
Fengjie Huang	Director (Zambian subsidiary)	Management services
Mathew Mackenzie	Secretary	Corporate secretary
Richard J. Mazur	Director	Director
Wayne Moorhouse	Director	Director
Brett Richards / Richards Enterprises Inc.	Director	Director
Robert A. Sibthorpe / 069426 BC Ltd	VP Exploration & Director	Management services
Alastair Brownlow / Red Fern Consulting Ltd.	CFO	Management services

Compensation paid or accrued to key management and/or their related companies during the nine-month period ended September 30, 2023, and 2022 was as follows:

Nature of expenditure	For the period ended September 30,	
	2023	2022
Wages and benefits	\$ 235,500	\$ 233,200
Consulting Fees	116,749	78,089
Share-based payments	392,989	321,311
	\$ 745,238	\$ 632,600

9. Related Party Transactions and Key Management Compensation (*continued*)

Key management consists of those individuals having authority and responsibility for, directly or indirectly, planning, directing, and controlling the activities of the Company.

As at September 30, 2023, \$40,838 (December 31, 2022 - \$122,124) is due to officers, directors, or companies with a director in common for cash advances, unpaid geological consulting fees, unpaid wages and bonuses and unpaid expenses. As at September 30, 2023, \$nil (December 31, 2022 - \$5,000) advanced to directors was included within advances and deposits.

Investments

During the year ended December 31, 2020, the Company purchased 2,500,000 common shares of Red Sea Resources Ltd. ("Red Sea") at a price of \$0.01 per common share for a total of \$25,000. Red Sea, a private company, has common officers and directors as the Company and is in the process of identifying and acquiring exploration and evaluation properties in Egypt. During the year ended December 31, 2020, the Company was granted an additional 800,000 common shares of Red Sea valued at \$0.05 per share for a total of 40,000 as a financing fee on the issuance of a USD \$650,000 loan. During the year ended December 31, 2021, the Company was granted an additional 200,000 common shares of Red Sea, valued at \$0.10 per common share on the advance of an additional USD \$100,000 loan.

As at September 30, 2023, the investments were valued at \$0.15 (December 31, 2022 - \$0.15) per common share for a total value of \$525,000 (December 31, 2022 - \$525,000), based on the valuation of recently closed private placements by Red Sea.

Loans and Debenture Receivable

During the year ended December 31, 2020, the Company issued a promissory note to Red Sea in the amount of USD 650,000 without interest, payable on demand. During the year ended December 31, 2021, the Company extended an additional USD 108,990 to Red Sea, resulting in a total loan of USD 758,990 outstanding (\$962,248).

During the year ended December 31, 2022, the Company entered into an agreement whereby it increased the amount advanced to \$1,331,129 and renegotiated the instrument as a convertible debenture denominated in Canadian dollars, maturing on January 11, 2023, and convertible at \$0.15 per common share. The convertible debenture includes interest of \$63,030 owing at the time of repayment. During the period ended September 30, 2023, the Company recognized interest income of \$1,900 (2022 - \$ 45,243).

As at September 30, 2023, the Company had taken an allowance for doubtful accounts of \$1,331,129 (December 31, 2022 - \$1,327,264) on the Red Sea loans. During the period ended September 30, 2023, a total of \$150,000 (December 31, 2022 - \$nil) was repaid on the loans and reversed against the allowance for doubtful accounts. For the period ended September 30, 2023, a recovery of \$146,135 (2022 - \$nil) was recognized to allowance for doubtful accounts. As at September 30, 2023, a total of \$1,181,129 (December 31, 2023 - \$1,327,264) was owing.

During the year ended December 31, 2021, the Company issued loans to officers of the Company in the amount of \$173,333. The loans are unsecured, bear interest at 3% per annum, and mature on February 9, 2022. During the year ended December 31, 2022, the Company entered into an amending agreement to extend the maturity of these loans to December 31, 2022. During the period ended September 30, 2023, the Company recognized interest income of \$2,482 (2022 - \$ 3,820) on the loans. During the period ended September 30, 2023, repayments of \$120,552 (December 31, 2022, \$60,435) were made on the loans.

A reconciliation of the Company's loans and debentures receivable as at September 30, 2023, and December 31, 2022:

	September 30, 2023	December 31, 2022
Opening balance	\$ 119,969	\$ 175,427
Additions	-	303,885
Interest accrued	2,482	66,108
Repayments	(270,552)	(60,435)
Change in allowance for doubtful accounts	146,135	(365,016)
Foreign exchange	1,966	-
	\$ -	\$ 119,969

10. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. As at September 30, 2023, the Company's exploration and evaluation assets are located in one geographic location: Zambia, Africa.

11. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 3.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments. In order to facilitate the management of its capital requirements, the Company prepares budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors.

12. Commitments and contingencies

During the year ended December 31, 2022, the Company's Joint Venture Partners brought an action in Zambia objecting to the Earn-In Agreement, on the basis that the Company has acted in a manner oppressive to the Joint Venture Partner's interest in ZHLMIL. The Company is of the view that the action is without merit and is vigorously defending the action and accordingly, no provision has been recorded in relation to the legal proceedings.