**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

## NOTICE OF NO AUDITOR REVIEW OF
## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

**VOLCANIC GOLD MINES INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 3,831,031 | $ 5,595,923 |
| Receivables (Note 8) | 25,978 | 18,506 |
| Prepaid expenses and deposits (Note 8) | 13,175 | 28,264 |
| Total current assets | 3,870,184 | 5,642,693 |
| **Non-current** | | |
| Long-term deposits (Note 8) | 61,000 | 61,000 |
| Equipment (Note 4) | 107,593 | 141,056 |
| Mineral properties (Note 6) | 100,000 | 100,000 |
| Total non-current assets | 268,593 | 302,056 |
| | **$ 4,138,777** | **$ 5,944,749** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 8) | $ 178,329 | $ 265,446 |
| Total liabilities | 178,329 | 265,446 |
| **Shareholders' equity** | | |
| Share capital (Note 9) | 26,575,256 | 26,575,256 |
| Other equity reserves | 1,989,185 | 1,960,086 |
| Deficit | (24,427,582) | (22,679,628) |
| Equity attributed to shareholders of the Company | 4,136,859 | 5,855,714 |
| Non-controlling interest (Note 5) | (176,411) | (176,411) |
| Total shareholders' equity | 3,960,448 | 5,679,303 |
| | **$ 4,138,777** | **$ 5,944,749** |

Approved and authorized by the Board on November 23, 2023.

| | | | |
|---|---|---|---|
| *"Simon Ridgway"* | Director | *"Scott Ackerman"* | Director |
| Simon Ridgway | | Scott Ackerman | |

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

**VOLCANIC GOLD MINES INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
(Expressed in Canadian Dollars)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Exploration expenditures** (Notes 7 and 8) | $ 413,160 | $ 445,666 | $ 1,426,260 | $ 1,698,129 |
| **General and administrative expenses** | | | | |
| Consulting and management fees (Note 8) | 21,000 | 18,000 | 57,000 | 54,000 |
| Depreciation (Note 4) | 11,999 | 11,094 | 35,901 | 32,501 |
| Legal and audit fees | - | - | 10,053 | 17,330 |
| Office and administration (Note 8) | 30,379 | 21,846 | 82,136 | 62,394 |
| Salaries and benefits (Note 8) | 31,021 | 33,708 | 98,185 | 97,668 |
| Share-based payments (Notes 8 and 10) | - | - | 42,048 | - |
| Shareholder communications (Note 8) | 12,439 | 26,270 | 43,580 | 67,456 |
| Transfer agent and regulatory fees (Note 8) | 3,059 | 772 | 23,810 | 21,562 |
| Travel (Note 8) | 4,883 | 8,359 | 23,893 | 21,664 |
| | 114,780 | 120,049 | 416,606 | 374,575 |
| | (527,940) | (565,715) | (1,842,866) | (2,072,704) |
| Interest and other income | 34,090 | 34,157 | 110,954 | 55,521 |
| Foreign exchange loss | (4,842) | (10,906) | (28,991) | (38,645) |
| Loss on disposal of equipment | - | - | - | (152) |
| **Loss and comprehensive loss for the period** | **$ (498,692)** | **$ (542,464)** | **$ (1,760,903)** | **$ (2,055,980)** |
| Basic and diluted loss per common share | $(0.01) | $(0.01) | $(0.04) | $(0.05) |
| Weighted average number of common shares outstanding – basic and diluted | 45,551,210 | 45,551,210 | 45,551,210 | 45,549,534 |

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

**VOLCANIC GOLD MINES INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in Canadian Dollars)

| | Three months ended September 30, 2023 | 2022 | Nine months ended September 30, 2023 | 2022 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss for the period | $ (498,692) | $ (542,464) | $ (1,760,903) | $ (2,055,980) |
| Item not affecting cash: | | | | |
| Depreciation | 11,999 | 11,094 | 35,901 | 32,501 |
| Share-based payments | - | - | 42,048 | - |
| Loss on disposal of equipment | - | - | - | 152 |
| Non-cash working capital item changes: | | | | |
| Amounts receivable | (6,970) | (637) | (7,472) | (13,318) |
| Prepaid expenses and deposits | 13,446 | 24,544 | 15,089 | 21,944 |
| Exploration advances | - | - | - | 5,271 |
| Accounts payable and accrued liabilities | 5,428 | (34,973) | (87,117) | (40,407) |
| Net cash used in operating activities | (474,789) | (542,436) | (1,762,454) | (2,049,837) |
| **FINANCING ACTIVITIES** | | | | |
| Proceeds from issuance of common shares | - | - | - | 2,250 |
| Net cash provided by financing activities | - | - | - | 2,250 |
| **INVESTING ACTIVITIES** | | | | |
| Purchase of equipment | (2,438) | (1,392) | (2,438) | (37,250) |
| Proceeds on disposal of equipment | - | - | - | 20,730 |
| Net cash used in investing activities | (2,438) | (1,392) | (2,438) | (16,520) |
| **Change in cash for the period** | (477,227) | (543,828) | (1,764,892) | (2,064,107) |
| Cash, beginning of period | 4,308,258 | 6,704,141 | 5,595,923 | 8,224,420 |
| **Cash, end of period** | **$ 3,831,031** | **$ 6,160,313** | **$ 3,831,031** | **$ 6,160,313** |

Supplemental cash flow information (Note 14)

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

**VOLCANIC GOLD MINES INC.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

| | Equity attributed to shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Number of common shares** | **Amount** | **Warrants and compensation options reserve** | **Share-based payment reserve** | **Deficit** | **Total equity attributed to shareholders** | **Non-controlling interest** | **Total** |
| Balance, December 31, 2021 | 45,543,710 | $ 25,140,089 | $ 1,589,553 | $ 1,965,090 | $ (20,150,624) | $ 8,544,108 | $ (176,411) | $ 8,367,697 |
| Loss for the period | - | - | - | - | (2,055,980) | (2,055,980) | - | (2,055,980) |
| Warrants exercised | 7,500 | 2,250 | - | - | - | 2,250 | - | 2,250 |
| Transfer of other equity reserve on expiry of warrants | - | 1,004,226 | (1,004,226) | - | - | - | - | - |
| Fair value of expired and forfeited options | - | - | - | (161,640) | 161,640 | - | - | - |
| Balance, September 30, 2022 | 45,551,210 | 26,146,565 | 585,327 | 1,803,450 | (22,044,964) | 6,490,378 | (176,411) | 6,313,967 |
| Loss for the period | - | - | - | - | (600,674) | (600,674) | - | (600,674) |
| Transfer of other equity reserve on expiry of warrants | - | 177,049 | (177,049) | - | - | - | - | - |
| Fair value of expired and forfeited options | - | - | - | 33,990 | (33,990) | - | - | - |
| Transfer of other equity reserve on expiry of compensation options | - | 251,642 | (251,642) | - | - | - | - | - |
| Reversal of share-based payments | - | - | - | (33,990) | - | (33,990) | - | (33,990) |
| Balance, December 31, 2022 | 45,551,210 | 26,575,256 | 156,636 | 1,803,450 | (22,679,628) | 5,855,714 | (176,411) | 5,679,303 |
| Loss for the period | - | - | - | - | (1,760,903) | (1,760,903) | - | (1,760,903) |
| Fair value of expired and forfeited options | - | - | - | (12,949) | 12,949 | - | - | - |
| Share-based payments | - | - | - | 42,048 | - | 42,048 | - | 42,048 |
| **Balance, September 30, 2023** | **45,551,210** | **$ 26,575,256** | **$ 156,636** | **$ 1,832,549** | **$ (24,427,582)** | **$ 4,136,859** | **$ (176,411)** | **$ 3,960,448** |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Volcanic Gold Mines Inc. is a publicly traded company incorporated under the British Columbia Corporations Act on April 25, 2007. The Company together with its subsidiaries (collectively referred to as the "Company") is principally engaged in acquisition and exploration of resource properties. The Company currently trades under the symbol "VG" on the TSX Venture Exchange ("TSX-V").

The head office, principal address and records office of the Company are located at 200 Burrard Street, Suite 650, Vancouver, British Columbia, V6C 3L6, Canada.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company 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 has incurred losses from inception and, despite a strong current working capital position, does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. Management believes the Company has sufficient current working capital to operate for at least the next year at the current level of operations.

## 2. BASIS OF PREPARATION

### Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* under IFRS issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

### Basis of Measurement

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

The condensed consolidated interim financial statements are presented in Canadian dollars ("CAD").

The preparation of condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3.

## 2. BASIS OF PREPARATION (cont'd)

### Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiary as at September 30, 2023 is as follows:

| Name | Place of incorporation | Ownership % | Principal activity |
|---|---|---|---|
| Recursos del Golfo S.A. | Guatemala | 100% | Exploration company |

### Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the corporate group is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The application of the Company's accounting policy for mineral property expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property assets.

   In respect of costs incurred for its investment in mineral property assets, management has determined there are no indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

(Expressed in Canadian Dollars)

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

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

c) Although the Company has taken steps to identify any decommissioning liabilities related to mineral properties in which it has an interest, there may be unidentified decommissioning liabilities present.

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) In estimating the fair value of share-based payments, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

## 4. EQUIPMENT

| | Computer equipment | Furniture and equipment | Field equipment | Vehicles | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, December 31, 2021 | $ 18,516 | $ 2,562 | $ - | $ 186,155 | $ 207,233 |
| Additions | 8,231 | - | 32,072 | - | 40,303 |
| Disposals | (2,060) | - | - | (25,048) | (27,108) |
| Balance, December 31, 2022 | 24,687 | 2,562 | 32,072 | 161,107 | 220,428 |
| Additions | 2,438 | - | - | - | 2,438 |
| **Balance, September 30, 2023** | **$ 27,125** | **$ 2,562** | **$ 32,072** | **$ 161,107** | **$ 222,866** |
| **Accumulated amortization** | | | | | |
| Balance, December 31, 2021 | $ 12,318 | $ 256 | $ - | $ 27,711 | $ 40,285 |
| Charge for year | 3,473 | 692 | 8,018 | 32,721 | 44,904 |
| Disposals | (2,060) | - | - | (3,757) | (5,817) |
| Balance, December 31, 2022 | 13,731 | 948 | 8,018 | 56,675 | 79,372 |
| Charge for period | 3,998 | 363 | 6,161 | 25,379 | 35,901 |
| **Balance, September 30, 2023** | **$ 17,729** | **$ 1,311** | **$ 14,179** | **$ 82,054** | **$ 115,273** |
| **Carrying amounts** | | | | | |
| At December 31, 2022 | $ 10,956 | $ 1,614 | $ 24,054 | $ 104,432 | $ 141,056 |
| **At September 30, 2023** | **$ 9,396** | **$ 1,251** | **$ 17,893** | **$ 79,053** | **$ 107,593** |

## 5. NON-CONTROLLING INTEREST

Non-controlling interests (“NCI”s) in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Total comprehensive loss of the Company’s subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

The Company adjusts the non-controlling interest by attributing a proportionate amount of the subsidiaries net identifiable assets. The Company also adjusts other comprehensive loss to reflect the new ownership interest. These adjustments are also recognized in equity.

For the period ended September 30, 2023, 25% of the net assets of the Company’s consolidated subsidiary, Guiord SA (“Guiord”), were attributable to its non-controlling interest. The value of the NCI at September 30, 2023 was a deficiency of $176,411 (December 31, 2022: $176,411). There was no income or loss allocated to NCI during the periods ended September 30, 2023 and 2022.

## 6. MINERAL PROPERTIES

Capitalized acquisition costs as of September 30, 2023 consist of $100,000 (December 31, 2022: $100,000) relating to its Guatemalan mineral property interests.

### Holly, Banderas, and Motagua Norte Properties - Guatemala

In May 2020, the Company signed an agreement whereby it has been granted by Radius Gold Inc. (“Radius”) the exclusive option (the “Option”) to acquire a 60% interest in the Holly and Banderas gold-silver properties in Guatemala. During the period ended September 30, 2023, Radius was granted the Cirilo I exploration licence in the Motagua Norte project area of Guatemala. In September 2023, the Option was modified to include the Motagua Norte project in substitution for the Banderas project. The original earn-in requirement to spend US$7.0 million in exploration of the properties remains unchanged. Under the modified option agreement, the Company has an exclusive option to earn a 60% interest in Radius’ Holly and Motagua Norte properties by spending US$7.0 million on exploration of the properties, of which US$1,764,778 is required to be spent on Motagua Norte. Expenditures made by the Company on exploration of the Banderas property are credited towards the US$7.0 million expenditure requirement. Upon exercise of the Option, the Company will enter into a standard 60/40 joint venture with Radius in order to further develop the properties.

As the Company and Radius have a common director, the Option modification is subject to approval by the TSX-V and the shareholders of the Company and Radius.

(Expressed in Canadian Dollars)

## 7. EXPLORATION EXPENDITURES

During the periods ended September 30, 2023 and 2022, the Company incurred the following exploration expenditures:

| | Three months ended September 30, 2023 | | | | Nine months ended September 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Holly and Banderas | Motagua Norte | Regional and General | Total | Holly and Banderas | Motagua Norte | Regional and General | Total |
| Assaying | $ - | $ 13,674 | $ - | $ 13,674 | $ 306 | $ 39,572 | $ 7,016 | $ 46,894 |
| Community relations | 18,776 | 252 | - | 19,028 | 96,290 | 252 | - | 96,542 |
| Environmental | - | - | - | - | 983 | - | 4,666 | 5,649 |
| Field expenses | 5,159 | 6,441 | 6,858 | 18,458 | 35,595 | 17,070 | 25,884 | 78,549 |
| Geological and other consulting | 62,753 | 68,399 | 23,895 | 155,047 | 339,616 | 133,794 | 143,324 | 616,734 |
| Legal and accounting | 14,120 | 44,471 | 5,443 | 64,034 | 67,917 | 66,514 | 6,322 | 140,753 |
| Licenses, permitting and taxes | - | 7,269 | - | 7,269 | 8,394 | 7,269 | - | 15,663 |
| Office and administration | 14,259 | 9,757 | 15,193 | 39,209 | 57,144 | 24,673 | 45,588 | 127,405 |
| Project management | 14,786 | 14,786 | - | 29,572 | 59,354 | 29,641 | - | 88,995 |
| Salaries and benefits | 36,069 | 14,920 | 771 | 51,760 | 110,908 | 40,055 | 1,548 | 152,511 |
| Travel | 8,459 | 5,706 | 10,589 | 24,754 | 48,637 | 14,439 | 22,725 | 85,801 |
| | 174,381 | 185,675 | 62,749 | 422,805 | 825,144 | 373,279 | 257,073 | 1,455,496 |
| Expense recoveries | (3,215) | (3,215) | (3,215) | (9,645) | (15,960) | (3,215) | (10,061) | (29,236) |
| | **$ 171,166** | **$ 182,460** | **$ 59,534** | **$ 413,160** | **$ 809,184** | **$ 370,064** | **$ 247,012** | **$1,426,260** |

| | Three months ended September 30, 2022 | | | Nine months ended September 30, 2022 | | |
|---|---|---|---|---|---|---|
| | Holly and Banderas | Regional and General | Total | Holly and Banderas | Regional and General | Total |
| Assaying | $ 777 | $ 20,450 | $ 21,227 | $ 115,574 | $ 29,103 | $ 144,677 |
| Community relations | 40,448 | 2,185 | 42,633 | 138,424 | 3,348 | 141,772 |
| Drilling | - | - | - | 102,479 | - | 102,479 |
| Environmental | 50,980 | 93 | 51,073 | 52,949 | 7,748 | 60,697 |
| Field expenses | 17,401 | 5,812 | 23,213 | 108,392 | 22,477 | 130,869 |
| Geological and other consulting | 93,344 | 44,013 | 137,357 | 387,225 | 153,842 | 541,067 |
| Legal and accounting | 21,750 | - | 21,750 | 81,737 | - | 81,737 |
| Licenses, permitting and taxes | 622 | - | 622 | 18,005 | - | 18,005 |
| Office and administration | 25,034 | 24,095 | 49,129 | 99,525 | 67,456 | 166,981 |
| Project management | 28,799 | - | 28,799 | 84,868 | - | 84,868 |
| Salaries and benefits | 53,040 | 625 | 53,665 | 153,368 | 2,741 | 156,109 |
| Travel | 20,535 | 6,364 | 26,899 | 73,126 | 23,926 | 97,052 |
| | 352,730 | 103,637 | 456,367 | 1,415,672 | 310,641 | 1,726,313 |
| Expense recoveries | (10,701) | - | (10,701) | (22,547) | (5,637) | (28,184) |
| | **$ 342,029** | **$ 103,637** | **$ 445,666** | **$ 1,393,125** | **$ 305,004** | **$ 1,698,129** |

(Expressed in Canadian Dollars)

## 8. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended September 30, 2023 and 2022 with related parties consisting of directors, officers and the following companies with common directors:

| Related party | Nature of transactions |
|---|---|
| Gold Group Management Inc. ("Gold Group") | Shared office and administrative related charges |
| Mill Street Services Ltd. ("Mill Street") | Consulting services |
| Radius | Property transaction and exploration support |

Balances and transactions with related parties not disclosed elsewhere in these condensed consolidated interim financial statements are as follows:

a) During the periods ended September 30, 2023 and 2022, the Company reimbursed Gold Group, a private company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company, for the following costs:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| General and administrative expenses: | | | | |
| Office and administration | $ 25,650 | $ 16,931 | $ 67,091 | $ 47,832 |
| Salaries and benefits | 31,021 | 33,708 | 98,185 | 97,668 |
| Shareholder communications | 11,908 | 8,694 | 28,257 | 17,783 |
| Transfer agent and regulatory fees | 2,050 | 100 | 10,874 | 5,642 |
| Travel and accommodation | 4,884 | 8,359 | 23,654 | 18,712 |
| | **$ 75,513** | **$ 67,792** | **$ 228,061** | **$ 187,637** |
| Exploration expenditures | **$ 2,363** | **$ -** | **$ 9,149** | **$ -** |

Gold Group is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the period ended September 30, 2023 include those for the Chief Financial Officer, the Vice President of Corporate Development, and the Corporate Secretary (2022: includes those for the Chief Financial Officer and the Corporate Secretary).

b) Receivables as of September 30, 2023 include an amount of $19,406 (December 31, 2022: $9,556) due from Radius for shared exploration costs.

c) Prepaid expenses and deposits as of September 30, 2023 include an amount of $4,502 (December 31, 2022: $10,973) paid to Gold Group.

d) Long-term deposits as of September 30, 2023 consists of $61,000 (December 31, 2022: $61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

e) Included in accounts payable and accrued liabilities as of September 30, 2023 was $31,820 (December 31, 2022: $73,708) owing to Gold Group, $6,000 (December 31, 2022: $4,000) owing to Michael Povey, a Director and Chairman of the Company, for consulting fees, and $11,364 (December 31, 2022: $Nil) owing to Luc English, the Vice President of Exploration of the Company, for consulting fees and expense reimbursement. The amount for Gold Group is due on a monthly basis and secured by a deposit.

(Expressed in Canadian Dollars)

## 8. RELATED PARTY TRANSACTIONS (cont'd)

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended September 30, 2023 and 2022 are the following items paid or accrued to key management personnel and/or companies with common directors.

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| General and administrative expenses: | | | | |
| Consulting and management fees | $ 21,000 | $ 18,000 | $ 57,000 | $ 54,000 |
| Salaries and benefits | 15,475 | 7,042 | 43,582 | 20,042 |
| Share-based payments (value of stock options granted and vested) | - | - | 42,048 | - |
| Exploration expenditures: | | | | |
| Geological and other consulting fees | 57,472 | 28,500 | 166,281 | 144,385 |
| | **$ 93,947** | **$ 53,542** | **$ 308,911** | **$ 218,427** |

Key management compensation includes consulting fees paid to Mill Street, a company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company.

There were no stock options granted to non-key management directors during the periods ended September 30, 2023 and 2022.

## 9. SHAREHOLDERS EQUITY

### a) Common shares

The Company is authorized to issue an unlimited number of common and preferred shares without par value.

As at September 30, 2023, 45,551,210 (December 31, 2022: 45,551,210) common shares and nil preferred shares were issued and outstanding.

There was no share capital activity during the period ended September 30, 2023.

During the period ended September 30, 2022, a total of 7,500 share purchase warrants were exercised at a price of $0.30 per share for proceeds of $2,250.

### b) Warrants

A summary of share purchase warrants activity from January 1, 2022 to September 30, 2023 is as follows:

| | **Number of warrants** | **Weighted average exercise price** |
|---|---|---|
| Balance, December 31, 2021 | 20,146,134 | $0.95 |
| Exercised during the year | (7,500) | $0.30 |
| Expired during the year | (3,493,334) | $3.14 |
| Balance, December 31, 2022 | 16,645,300 | $0.49 |
| **Balance, September 30, 2023** | **16,645,300** | **$0.49** |

(Expressed in Canadian Dollars)

## 9. SHAREHOLDERS EQUITY (cont'd)

### b) Warrants (cont'd)

Details of warrants outstanding as of September 30, 2023 are:

| Expiry date | Number of warrants | Exercise price |
|---|---|---|
| April 19, 2024[(1) (3)] | 7,831,800 | $0.70 |
| July 26, 2024[(2) (3)] | 8,813,500 | $0.30 |
| | **16,645,300** | |

(1) During the 2022 fiscal year, the expiry date for these warrants was extended by one year to April 20, 2023. During the period ended September 30, 2023, the expiry date for these warrants was extended further by one year to April 19, 2024.

(2) During the 2022 fiscal year, the expiry date for these warrants was extended by one year to July 26, 2023. During the period ended September 30, 2023, the expiry date for these warrants was extended further by one year to July 26, 2024.

(3) There was no additional value attributed to the warrants upon modification.

## 10. SHARE-BASED PAYMENTS

### Option Plan Details

The Company has a stock option plan whereby options may be granted to directors, employees, consultants, and certain other service providers to encourage ownership of the Company's common shares. The Company may grant options for up to 10% of the issued and outstanding common shares. The term of any option granted under the plan may not exceed 10 years. The vesting periods for all options granted pursuant to the plan will be determined at the discretion of the Board of Directors at the time of the grant. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12-month period.

The following is a summary of stock option activity during the period ended September 30, 2023:

| | | | | During the period | | | | |
|---|---|---|---|---|---|---|---|---|
| **Grant date** | **Expiry date** | **Exercise price** | **Opening balance** | **Granted** | **Exercised** | **Forfeited / cancelled** | **Closing balance** | **Vested and exercisable** |
| Oct 7, 2020 | Oct 6, 2030 | $0.57 | 2,300,000 | - | - | (25,000) | 2,275,000 | 2,275,000 |
| Oct 9, 2020 | Oct 8, 2030 | $0.57 | 325,000 | - | - | - | 325,000 | 325,000 |
| Jan 28, 2021 | Jan 27, 2031 | $0.57 | 800,000 | - | - | - | 800,000 | 800,000 |
| Jan 10, 2023 | Jan 9, 2033 | $0.205 | - | 225,000 | - | - | 225,000 | 225,000 |
| | | | **3,425,000** | **225,000** | **-** | **(25,000)** | **3,625,000** | **3,625,000** |
| Weighted average exercise price | | | $0.57 | $0.21 | - | $0.57 | $0.55 | $0.55 |

The fair value at grant date of 225,000 options granted during the period ended September 30, 2023 was $0.19 per option. There were no options granted during the period ended September 30, 2022.

The weighted average remaining contractual life of the options outstanding at September 30, 2023 is 7.23 (December 31, 2022: 7.84) years.

*Options Issued to Employees*

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

## 10. SHARE-BASED PAYMENTS (cont'd)

*Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the period ended September 30, 2023 included a risk-free interest rate of 3.1%, dividend yield of 0%, volatility of 103% and expected life of ten years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

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

Total expenses arising from stock option grants during the period ended September 30, 2023 and recorded as share-based payments expense was $42,048 (2022: $Nil).

## 11. SEGMENT INFORMATION

The Company operates in a single reportable operating segment, being the exploration and evaluation of mineral properties. The mineral property interests and substantially all property and equipment are located in Guatemala and substantially all of the exploration expenditures are incurred in Guatemala. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.

## 12. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, deposits and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

**Risk management**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

## 12. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)

**Risk management** (cont'd)

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at September 30, 2023, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and Guatemala. A substantial portion of the Company's expenses are incurred in US dollars and Guatemalan quetzals. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar and quetzal could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2023, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

| As at | September 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | **US Dollars (CDN equivalent)** | **Guatemala Quetzal (CDN equivalent)** | **US Dollars (CDN equivalent)** | **Guatemala Quetzal (CDN equivalent)** |
| Cash | $ 94,110 | $ 20,203 | $ 83,085 | $ 50,898 |
| Amounts receivable | - | - | - | 994 |
| Accounts payable and accrued liabilities | (120,014) | (2,571) | (127,953) | (8,190) |
| **Net exposure** | **$ (25,904)** | **$ 17,632** | **$ (44,868)** | **$ 43,702** |

Based on the above net exposure as at September 30, 2023, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $800 (December 31, 2022: $100) in the Company's profit or loss, respectively.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## 13. 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 acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

The Company expects its capital resources to be sufficient to carry out its planned exploration expenditures and cover operating costs through the next twelve months.

## 14. SUPPLEMENTARY CASH FLOW INFORMATION

No cash was paid for interest or taxes for the periods ended September 30, 2023 and 2022.

There were no significant non-cash investing and financing transactions during the periods ended September 30, 2023 and 2022.