

**JZR GOLD INC.**  
**(Formerly Jazz Resources Inc.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**  
(Expressed in Canadian dollars)

(UNAUDITED – PREPARED BY MANAGEMENT)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements 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 interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**JZR GOLD INC. (Formerly Jazz Resources Inc.)**  
**CONDENSED STATEMENTS OF FINANCIAL POSITION**  
As at September 30, 2022 and June 30, 2022  
(Unaudited – Prepared by Management)

	Note	September 30, 2022	June 30, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 179,785	\$ 458,237
Accounts receivable	4	18,538	12,032
Prepaid expenses		86,257	48,099
<b>Total current assets</b>		<b>284,580</b>	518,368
Security deposits		33,500	33,500
Mineral properties and deferred exploration costs	5	725,108	700,959
Deferred net profit interest costs	6	9,207,192	8,546,874
<b>Total assets</b>		<b>\$ 10,250,380</b>	\$ 9,799,701
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 1,216,648	\$ 1,262,513
Due to related parties	7	1,843	17,045
Convertible debentures	8	1,777,436	1,684,043
<b>Total liabilities</b>		<b>2,995,927</b>	2,963,601
<b>Shareholders' equity</b>			
Share capital	9	14,080,575	13,322,583
Contributed surplus		1,346,503	1,298,082
Equity portion of convertible debenture	8	417,686	417,686
Subscriptions receivable		(155,476)	(90,651)
Deficit		(8,434,835)	(8,111,600)
		<b>7,254,453</b>	6,836,100
<b>Total liabilities and shareholders' equity</b>		<b>\$ 10,250,380</b>	\$ 9,799,701

**Nature and continuance of operations and going concern** (Note 1)  
**Subsequent events** (Note 15)

**Approved and authorized on behalf of the Board:**

“Rob Klenk” Director
“Kirk Fisher” Director

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

**JZR GOLD INC. (Formerly Jazz Resources Inc.)**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three months ended September 30, 2022 and 2021  
(Unaudited – Prepared by Management)

	Note	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
<b>EXPENSES</b>			
Filing fees		\$ 9,578	\$ 1,511
Interest and charges	7,8	37,769	43,900
Office and miscellaneous		17,973	4,765
Accretion expense	8	61,623	71,583
Professional fees		15,000	39,865
Consulting fees		101,300	45,999
Transfer agent fees		1,414	3,980
Share based compensation	9	78,578	39,333
<b>Total general and administrative expenses</b>		<b>323,235</b>	<b>250,936</b>
<b>Loss and comprehensive loss for the period</b>		<b>\$ 323,235</b>	<b>\$ 250,936</b>
<b>Basic and diluted loss per common share</b>		<b>\$ 0.01</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>28,606,831</b>	<b>10,652,103</b>

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

**JZR GOLD INC. (Formerly Jazz Resources Inc.)****CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended September 30, 2022

(Unaudited – Prepared by Management)

	Note	Number of Shares	Share Capital	Subscriptions Receivable	Contributed Surplus	Equity Portion of Convertible Debentures	Deficit	Total
<b>Balance, June 30, 2021</b>		<b>20,215,236</b>	<b>\$ 8,780,386</b>	<b>-\$ 14,300</b>	<b>\$ 956,037</b>	<b>\$ 378,542.00</b>	<b>\$ (5,918,103)</b>	<b>\$ 4,182,562</b>
Shares issued in private placement	9	3,991,670	3,100,000	(76,351)	-	-	-	3,023,648
Share issuance costs	9	-	(92,907)	-	-	-	-	(92,907)
Equity portion of convertible debenture	8	-	-	-	-	39,144	-	39,144
Broker warrants in connection with private placement	9	-	(25,060)	-	25,060	-	-	-
Expiry of broker warrants	9	-	4,266	-	(4,266)	-	-	-
Share based compensation	9	-	7,770	-	329,021	-	-	336,791
Exercise of options	9	50,000	17,500	-	(7,770)	-	-	9,730
Exercise of warrants	9	4,310,360	1,530,628	-	-	-	-	1,530,628
Net loss for the year		-	-	-	-	-	(2,193,498)	(2,193,498)
<b>Balance, June 30, 2022</b>		<b>28,567,266</b>	<b>13,322,583</b>	<b>(90,651)</b>	<b>1,298,082</b>	<b>417,686</b>	<b>(8,111,600)</b>	<b>6,836,100</b>
Shares issued in private placement	9	998,093	648,760	(64,825)	-	-	-	583,936
Share issuance costs	9	-	(2,925)	-	-	-	-	(2,925)
Shares issued on redemption of convertible debenture	8	20,000	6,000	-	-	-	-	6,000
Broker warrants in connection with private placement	9	-	(847)	-	847	-	-	-
Share based compensation	9	-	31,004	-	78,578	-	-	109,582
Exercise of options	9	200,000	70,000	-	(31,004)	-	-	38,997
Exercise of warrants	9	20,000	6,000	-	-	-	-	6,000
Net loss for the period		-	-	-	-	-	(323,235)	(323,235)
<b>Balance, September 30, 2022</b>		<b>29,805,359</b>	<b>\$ 14,080,574</b>	<b>\$ (155,476)</b>	<b>\$ 1,346,503</b>	<b>\$ 417,686</b>	<b>\$ (8,434,835)</b>	<b>\$ 7,254,453</b>

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

**JZR GOLD INC. (Formerly Jazz Resources Inc.)**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the three months ended September 30, 2022 and 2021  
(Unaudited – Prepared by Management)

	<b>Three Months Ended September 30, 2022</b>	Three Months Ended September 30, 2022
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (323,235)	\$ (250,936)
Items not affecting cash:		
Accretion of discount on convertible debentures	61,623	71,583
Accrued interest	37,770	116,837
Share based compensation	78,578	39,333
Changes in non-cash working capital items:		
Increase in amounts receivable	(6,506)	(4,669)
Increase in prepaid expenses	(38,158)	(7,550)
Decrease in due to related parties	(15,202)	-
Decrease in accounts payable and accrued liabilities	(45,863)	(37,021)
Net cash used in operating activities	<b>(250,993)</b>	<b>(72,423)</b>
<b>INVESTING ACTIVITIES</b>		
Mineral property, rights, and deferred exploration costs, net of recoveries	(24,149)	(27,273)
Payment made for deferred acquisition of net profit interests	(660,319)	(1,012,056)
Net cash used in investing activities	<b>(684,468)</b>	<b>(1,039,329)</b>
<b>FINANCING ACTIVITIES</b>		
Funds received on issuance of common shares net of issuance costs	581,010	-
Funds received on exercise of warrants	6,000	288,600
Funds received on exercise of options	70,000	-
Issuance of convertible debt	-	186,000
Net cash provided by financing activities	<b>657,010</b>	<b>474,600</b>
<b>Change in cash during the period</b>	<b>(278,452)</b>	<b>(637,152)</b>
<b>Cash, beginning of period</b>	<b>458,237</b>	<b>1,082,495</b>
<b>Cash, end of period</b>	<b>\$ 179,785</b>	<b>\$ 445,343</b>

**Supplemental disclosure with respect to cash flows (Note 11)**

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

JZR Gold Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of the exploration and development of mineral properties. The Company’s head office and records office is located at 404 – 1688 152<sup>nd</sup> Street, Surrey, British Columbia, Canada, V4A 4N2. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The Company’s common shares are listed on the TSX Venture Exchange with the symbol “JZR.V”.

The Company is in the process of exploring and developing its mineral properties and rights and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

### Going concern of operations

These condensed interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at the current reporting period, the Company does not have sufficient cash resources to meet its obligations for the next twelve months of operations.

Management is actively targeting sources of additional financing from investors, shareholders and through alliances with financial entities, and is considering issuances of debt or equity or other business and financial transactions which would assure continuation of the Company’s operations. To the extent financing is not available, working capital commitments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. Management is closely monitoring economic trends, global financial conditions, and the equity markets to determine the appropriate course of action to be taken by the Company.

The Company has incurred a loss of \$323,235 for the three month period ended September 30, 2022, with an accumulated deficit of \$8,434,835. Although it has been successful to date, there can be no assurance that the Company will be able to raise the funds necessary to continue future operations and commitments. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position.

**JZR GOLD INC. (Formerly Jazz Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three months ended September 30, 2022  
(Unaudited – Prepared by Management)

**1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN (cont’d...)**

*Going concern of operations* (cont’d...)

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

	<b>September 30,</b>	June 30,
	<b>2022</b>	2022
Working capital deficiency	\$ (2,711,347)	\$ (2,445,233)
Deficit	\$ (8,434,835)	\$ (8,111,600)

**2. BASIS OF PREPARATION**

**Statement of compliance**

These condensed interim financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements are prepared using IFRSs in effect as at June 30, 2022. Significant accounting policies and the applicable basis of measurement used in the preparation of these condensed interim financial statements are described in Note 3.

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

These condensed interim financial statements were authorized by the Board of Directors on November 28, 2022.

**3. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation*

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited financial statements for the period ended June 30, 2022, and do not include all the information required for full annual financial statements in accordance with IFRS, as issued by the IFRIC. It is suggested that the condensed interim financial statements be read in conjunction with the annual audited financial statements.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

Except as otherwise indicated hereunder, these condensed interim financial statements have been prepared using the same policies and methods as the financial statements of the Company for the year ended June 30, 2022. Refer to Note 3 of the Company’s financial statements for the year ended June 30, 2022 for more information on new accounting standards and amendments not yet effective.

**4. AMOUNTS RECEIVABLE**

Amounts receivable is comprised of Canadian goods and services input tax credits.

**5. MINERAL PROPERTIES, RIGHTS, AND DEFERRED EXPLORATION COSTS**

The Company owns two mineral properties: the Teddy Glacier Property and the Spider Property which are both located in the Province of British Columbia (“B.C.”). The Teddy Glacier Property is located in the Revelstoke Mining Division in B.C., comprising of claims that are 100% owned by the Company through staking. The Spider Property is comprised of certain Crown granted mineral claims and several land lots in fee simple within the township of Camborne, B.C.

During the year ended June 30, 2022, the Company relinquished its claim on certain Teddy Glacier properties and recorded impairment of \$935,984.

The following table summarizes mineral rights and property costs, by property:

	<b>Teddy Glacier</b>	<b>Spider</b>	<b>Total</b>
<b>Balance, June 30, 2021</b>	<b>\$ 929,106</b>	<b>\$ 604,905</b>	<b>\$ 1,534,011</b>
Site exploration	6,879	96,053	102,932
Impairment	(935,984)	-	(935,984)
<b>Balance, June 30, 2022</b>	<b>1</b>	<b>700,958</b>	<b>700,959</b>
Site exploration	-	24,149	24,149
<b>Balance, September 30, 2022</b>	<b>\$ 1</b>	<b>\$ 725,107</b>	<b>\$ 725,108</b>

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

## 6. DEFERRED NET PROFIT INTEREST COSTS

On January 20, 2021, the Company acquired from a third party, its interest in a JV Royalty Agreement dated July 6, 2020 (“JVRA”) with Eco Mining Oil & Gaz Drilling and Exploration EIRELI (“Eco”) respecting the Vila Nova gold exploration and development project located in Amapa, Brazil.

Pursuant to a purchase and sale agreement, the Company acquired a 100% interest in the JVRA, wherein the Company shall have the option and right to acquire a 50% net profits interest in the Vila Nova property. Pursuant to the terms of the JVRA, in order to exercise the option and acquire the rights thereunder, the Company must make the following payments to Eco, subject to satisfactory project assessment prior to each stage of funding:

- an initial payment of USD \$500,000 to fund the 2,000 m drilling program and related costs needed to complete the business plan to construct a 1,280 t/d bulk exploitation program on the Vila Nova property (payment made by third party prior to acquisition of the JVRA);
- a second payment of USD \$500,000 (paid); and
- a final payment of up to USD \$5,000,000 or as mutually agreed between the parties.

As of September 30, 2022, \$7,616,192.48 (\$5,699,930 USD) (June 30, 2022, \$6,955,783) had been paid to Eco in relation to the payments for the option and acquisition of the profits interest. Additional payments totaling \$138,195 (\$100,000 USD) were made subsequent to September 30, 2022 (see Note 15).

If exercised and all payments are made, the Company shall receive a 50% net profits interest from all products and minerals produced from the Vila Nova property and exclusive rights to explore and develop the property, including initiating and carrying out commercial production. Eco will remain the sole operator of all mining-related activity on the property, including environmental remediation.

In the event the JVRA is terminated, the cash amounts advanced will convert into a 2-year term loan with interest bearing 6% per annum.

The Company acquired the right to acquire the JVRA for the Vila Nova property from a third party through issuance of 5,125,000 common shares valued at \$1,981,000.

The following table summarizes the net carrying value of the deferred acquisition of net profit interests:

	<b>Vila Nova</b>
<b>Balance, June 30, 2021</b>	<b>\$ 4,873,959</b>
Option and acquisition payments made	3,672,915
<b>Balance, June 30, 2022</b>	<b>\$ 8,546,874</b>
Option and acquisition payments made	660,318
<b>Balance, September 30, 2022</b>	<b>\$ 9,207,192</b>

## **7. RELATED PARTY TRANSACTIONS**

As at September 30, 2022, a total of \$23,157 (June 30, 2022 - \$2,045) was owing by the President of the Company.

During the three-month period ended September 30, 2022, the Company:

- paid \$45,000 in site exploration costs and consulting fees;
- repaid loans of \$24,430.

All amounts owed are non-interest bearing and have no fixed terms of repayment.

In addition, during the three-month period ended September 30, 2022, \$7,500 was charged for professional fees to a company controlled by the Chief Financial Officer. As at September 30, 2022, a total of \$25,000 was due to this company (June 30, 2022 - \$15,000).

As at September 30, 2022, \$406,558 (June 30, 2022 - \$406,558) was owing to former President of the Company and \$300,684 (June 30, 2022- \$300,684) was owed to a company owned by the former President of the Company. The outstanding balances remain in accounts payable as at September 30, 2022.

During the year ended June 30, 2018, the Company received notice of a claim filed by the former President of the Company seeking to collect the outstanding balances as well as additional interest and other charges in the amount of \$1,047,615. While the outcome of this matter is uncertain, no additional provision has been accrued in respect of the claim as the Company believes the claim to be without merit and intends to vigorously defend itself should legal action be required.

## **8. CONVERTIBLE DEBENTURES**

During the year ended June 30, 2021, the Company closed an offering of unsecured convertible debentures for a total of \$2,464,000. During the year ended June 30, 2022, the Company issued an additional \$186,000 for a total of \$2,650,000 (the “Debentures”).

The Debentures mature two (2) years from the date of issuance and bear interest at a rate of 8% per annum, payable and compounded annually. The principal sum or any portion thereof, may be converted into units of the Company at a conversion price of \$0.30 per unit, commencing on the date that is six (6) months from the date that the Debentures are issued. Each unit shall be comprised of one common share (a “Conversion Share”) and one share purchase warrant (a “Warrant”). Each Warrant shall entitle the holder to acquire one additional common share (a “Warrant Share”) of the Company at a price of \$0.30 per share for a period of eighteen (18) months from the date that the Warrants are issued.

For accounting purposes, the convertible debenture has been separated into its liability and equity component using the effective interest rate method. The fair value of the liability component of the convertible debenture at the time of issue was calculated as being equivalent to the discounted cash flows for the debenture assuming an effective interest rate of 21.21% per annum. The effective interest rates were based on the estimated rate for a debenture without a conversion feature. The equity component has been recorded under equity, which was calculated as the difference between the face value of the convertible debenture and the fair value of the liability component.

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For the three months ended September 30, 2022  
(Unaudited – Prepared by Management)

**8. CONVERTIBLE DEBENTURES (cont'd...)**

As at September 30, 2022, the Company accrued \$37,769 (September 30, 2021 - \$43,900) of interest expenses and \$61,623 (September 30, 2020 – \$71,583) of accretion expenses, respectively in connection with these Debentures.

The Company also converted \$6,000 of the Debenture loans to 20,000 units consisting of 20,000 Conversion Shares and 20,000 Warrants. The following table summaries the transactions for the period:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance at June 30, 2021</b>	<b>6,957,110</b>	<b>\$ 0.37</b>
Issued	4,105,130	\$ 1.20
Exercised	(4,310,360)	\$ 0.36
Expired	(2,640,750)	\$ 0.39
<b>Balance at June 30, 2022</b>	<b>4,111,130</b>	<b>\$ 1.16</b>
Issued	1,022,593	\$ 0.30
Exercised	(20,000)	\$ 0.30
<b>Balance at September 30, 2022</b>	<b>5,113,723</b>	<b>\$ 1.09</b>

**9. SHARE CAPITAL**

Authorized unlimited common voting shares, no par value.

**Issued**

During the three-month period ended September 30, 2022, the Company issued the following common shares:

- 200,000 of common shares were issued at a price of \$0.35 per share for total proceeds of \$70,000 by way of an option exercise;
- 998,093 of common shares were issued at a price of \$0.65 per share for total proceeds of \$648,760 by way of a private placement;
- 20,000 of common shares were issued at a price of \$0.30 per share for total proceeds of \$6,000 by way of a warrant exercise;
- 20,000 of common shares were issued at a price of \$0.30 per share upon redemption of convertible debenture loans.

## **9. SHARE CAPITAL (cont'd...)**

During the year ended June 30, 2022 the Company issued:

- 1,866,670 units at a price of \$0.75 per unit for aggregate gross proceeds of \$1,400,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.10 per warrant share for a period of eighteen months from the date of issuance. The Company paid finder's fees totaling \$15,915 and issued 17,220 warrants with a fair value of \$4,751 in relation to this issuance; and
- 2,125,000 units at a price of \$0.80 per unit for aggregate gross proceeds of \$1,700,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.20 per warrant share for a period of twelve months from the date of issuance. The Company paid finder's fees totaling \$76,992 and issued 96,240 warrants with a fair value of \$20,309 in relation to this issuance.

In addition, the Company also issued:

- 550,000 of common shares were issued by way of warrant exercise at a price of \$0.39 per share for total proceeds of \$214,500; and
- 3,760,360 of common shares were issued by way of warrant exercise at a price of \$0.35 per share for total proceeds of \$1,316,128; and
- 50,000 of common shares were issued by way of option exercise at a price of \$0.35 per share for total proceeds of \$17,500.

### **Stock options**

As at September 30, 2022, the Company has a stock option plan in place (the "Stock Option Plan") under which it can grant a maximum number of stock options equal to 20% of the total issued and outstanding common shares. The purpose of the Stock Option Plan is to encourage ownership of the Company's common shares by persons who are directors, senior officers and employees, as well as consultants, and employees of management companies providing services to the Company. The term of any option granted under the Stock Option Plan may not exceed 10 years. The vesting periods for all options granted pursuant to the Stock Option Plan will be determined at the discretion of the Board of Directors at the time of the grant. The vesting schedule shall provide for a vesting period of at least 12 months and that the options will vest equally on a quarterly basis over the vesting period in respect to options granted to consultants performing investor relations activities. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12-month period.

During the year ended June 30, 2022, the Company granted an aggregate of 1,375,000 incentive stock options with a term of ten years. Each option entitles the holder to acquire one common share at a price of \$0.45 per share. Vesting terms are one third vesting one, two and three years from the grant date.

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**9. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

	As at September 30, 2022		As at June 30, 2022	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of period	2,325,000	\$ 0.54	1,000,000	\$ 0.35
Granted	-	\$ -	1,375,000	\$ 0.67
Exercised	(200,000)	\$ -	(50,000)	\$ 0.35
Outstanding, end of period	<u>2,125,000</u>	<u>\$ 0.54</u>	<u>2,325,000</u>	<u>\$ 0.54</u>

As at September 30, 2022, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable		Exercise price	Remaining life (yrs)	Expiry
	Number of options outstanding	exercisable			
750,000	500,000	\$	0.35	3.40	February 22, 2026
500,000	166,667	\$	0.45	8.93	September 3, 2031
875,000	291,667	\$	0.80	4.60	May 6, 2027
<u>2,125,000</u>	<u>958,333</u>			<u>5.20</u>	

During the three-month period ended September 30, 2022, the Company recorded share-based compensation of \$78,578 (2021 - \$39,333) relating to stock options. Share based compensation is measured at the fair value of options at the date of grant and is expensed over the vesting period. The amount was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	February 2021	September 2021	May 2022
Expected volatility	112%	110%	104%
Expected life	5 years	10 years	5 years
Risk-free interest rate	1.01%	1.11%	2.94%
Dividend yield	0.00%	0.00%	0.00%

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For the three months ended September 30, 2022  
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**9. SHARE CAPITAL (cont'd...)**

**Share purchase warrants**

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance at June 30, 2021</b>	<b>6,957,110</b>	<b>\$ 0.37</b>
Issued	4,105,130	\$ 1.20
Exercised	(4,310,360)	\$ 0.36
Expired	(2,640,750)	\$ 0.39
<b>Balance at June 30, 2022</b>	<b>4,111,130</b>	<b>\$ 1.16</b>
Issued	1,022,593	\$ 0.30
Exercised	(20,000)	\$ 0.30
<b>Balance at September 30, 2022</b>	<b>5,113,723</b>	<b>\$ 1.09</b>

As at September 30, 2022 the following warrants were outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
6,000	\$ 0.30	November 20, 2022
6,000	\$ 1.10	June 3, 2023
1,866,670	\$ 1.10	June 22, 2023
11,220	\$ 1.10	June 22, 2023
2,125,000	\$ 1.20	May 26, 2023
96,240	\$ 1.20	May 26, 2023
998,093	\$ 0.80	September 28, 2023
4,500	\$ 0.80	September 28, 2023
<b>5,113,723</b>		

The fair value of broker warrants granted of \$847 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>September 2022</u>
Expected volatility	99%
Expected life	1 year
Risk-free interest rate	3.72%
Dividend yield	0%

## 10. SEGMENTED INFORMATION

The Company operates in two reportable operating segments, being the acquisition and development of mineral rights and properties in Canada and Brazil. Other than the funds advanced (Note 6), the remaining operations pertained to the properties in Canada

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions during the period ended September 30, 2022:

- Issued 998,093 warrants with a fair value of \$798,474
- Issued 4,500 broker warrants with a fair value of \$847
- Recognized stock-based compensation of \$78,578 on options vested
- Issued 20,000 common shares on the redemption of \$6,000 of the Convertible Debentures

The significant non-cash transactions during the period ended September 30, 2021 were as follows:

- Accrued interest on loans of \$461;
- Expiry of 22,500 warrants at a fair value of \$4,266.

## 12. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, amounts receivable, security deposits, accounts payable and accrued liabilities, due to related parties and convertible debentures payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;  
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and  
Level 3 – Inputs that are not based on observable market data.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2022 as follows:

	Fair Value Measurements Using			Balance, September 30, 2022
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash	179,785	–	–	179,785

As September 30, 2022, the Company's cash is measured at level 1 inputs of the fair value hierarchy, consisting of quoted prices in active markets for identical assets. The fair value of all other financial instruments approximates their carrying values due to the relatively short-term maturity of these instruments.

### **13. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of \$179,785 to settle current liabilities of \$1,216,648.

There is a risk that the Company may not be able to fulfill its obligation when a liability is due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

#### *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 has \$33,500 of security deposits earning interest at an average rate of 0.57% per annum.

##### (b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

##### (c) Price risk

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

### **14. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital, contributed surplus and deficit).

The Company sets the amount of capital in proportion to risk. 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. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from the year ended June 30, 2022.

## **15. SUBSEQUENT EVENTS**

Subsequent to September 30, 2022, the Company:

- Made additional payments of \$138,195 in relation to the purchase of the JVRA;
- Granted 200,000 stock options to an officer of the Company;
- Changed its name from Jazz Resources Inc. to JZR GOLD Inc.;
- Issued 736,924 units by private placement at a price of \$0.65 per unit for gross proceeds of \$479,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.80 per share for a period of 12 months from the date of issuance. and;
- Sold 3 lots of the Spider property for gross proceeds of \$15,000.