

JZR GOLD INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022
(Expressed in Canadian dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JZR Gold Inc.:

Opinion

We have audited the financial statements of JZR Gold Inc. (the "Company"), which comprise the statement of financial position as at June 30, 2023, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for mineral properties and deferred exploration costs</i>	
Refer to note 4	Our approach to addressing the matter involved the following procedures, among others:
<p>As at June 30, 2023, the carrying amount of the Company's mineral properties and deferred exploration costs were \$693,011.</p> <p>At each reporting period, management assesses mineral properties and deferred exploration costs to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses mineral properties and deferred exploration costs for indicators of impairment based on, at minimum, the presence of any one of the following indicators:</p> <ul style="list-style-type: none"> (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. <p>An impairment indicator was identified for the Teddy Glacier property. The carrying amount exceeds the recoverable amount of the asset and for the year ended June 30, 2023, an impairment of \$1 was recognized.</p> <p>We considered this a key audit matter due to the significance of the mineral properties and deferred exploration costs and the judgments made by management in their assessment of impairment indicators related to the mineral properties and deferred exploration costs. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in determining the impairment indicators, which included the following:</p> <ul style="list-style-type: none"> • Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. • Read the board of directors' minutes and resolutions, and observed evidence supporting the continued and planned exploration expenditures, which included evaluating results of the Company's work programs. • Assessed whether available data indicates the potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for the intangible asset</i>	
Refer to note 5	Our approach to addressing the matter involved the following procedures, among others:
<p>As at June 30, 2023, the carrying amount of the Company's intangible asset was \$10,427,956.</p> <p>Intangible assets that are not yet available for use are tested for impairment annually or more frequently whenever there are indicators of impairment. Management has performed its annual impairment test for the intangible asset as at June 30, 2023.</p> <p>The recoverable amount for the intangible asset was based on value in use using a discounted cash flow model. The significant assumptions applied by management in determining value in use included the revenue projections, period of cash flows and a discount rate. The recoverable amount of the intangible asset exceeded its carrying amount and accordingly, no impairment was recognized.</p> <p>We considered this a key audit matter due to the significance of the intangible asset and the judgments made by management in determining the recoverable amount, including the use of assumptions. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.</p>	<p>Evaluated how management determined the recoverable amount of the intangible asset, which included the following procedures:</p> <ul style="list-style-type: none"> • Tested the appropriateness of the value in use method used and the mathematical accuracy of the discounted cash flow model. • Tested the reasonableness of the estimated cash flows by considering the terms of the underlying agreement, information from studies commissioned and the budget approved by management. • Tested the underlying data used in the discounted cash flow model. • Performed sensitivity analysis on the inputs used in the discounted cash flow model to determine the impact on the value in use calculations.

Emphasis of Matter – Comparative Information

We draw attention to Note 15 to the financial statements, which explains that certain comparative information presented for the year ended June 30, 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended June 30, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 28, 2022.

As part of our audit of the financial statements for the year ended June 30, 2023, we also audited the adjustments that were applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended June 30, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 30, 2023

JZR GOLD INC.
STATEMENTS OF FINANCIAL POSITION
As at June 30,
(Expressed in Canadian Dollars)

		June 30		June 30
		2023		2022
	Note		(Restated - Note 15)	
ASSETS				
Current				
Cash and cash equivalents		\$ 166,753	\$	458,237
Amounts receivable		8,475		12,032
Prepaid expenses		67,112		48,099
Total current assets		242,340		518,368
Security deposits		33,500		33,500
Loans receivable	4	39,667		-
Mineral properties and deferred exploration costs	4	693,011		700,959
Intangible asset	5	10,427,956		8,546,874
Total assets		\$ 11,436,474	\$	9,799,701
LIABILITIES & SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	6	\$ 830,536	\$	1,262,513
Due to related parties	6	31,317		17,045
Loan payable	7	968,584		-
Convertible debentures	8	-		1,684,043
Total liabilities		1,830,437		2,963,601
Shareholders' equity				
Share capital	9, 15	17,277,535		13,171,433
Reserves	15	2,026,688		1,605,844
Equity portion of convertible debenture	8	-		417,686
Subscriptions receivable	9	(109,651)		(90,651)
Deficit	15	(9,588,535)		(8,268,212)
		9,606,037		6,836,100
Total liabilities and shareholders' equity		\$ 11,436,474	\$	9,799,701

Nature and continuance of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved and authorized on behalf of the Board:

"Rob Klenk"

Director _____ *"Kirk Fisher"*

Director

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

JZR GOLD INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended June 30,
(Expressed in Canadian Dollars)

		2023	2022
	Note		(Restated - Note 15)
EXPENSES			
Consulting fees	6	\$ 463,966	\$ 188,891
Filing fees		19,803	29,313
Interest and bank charges	7, 8	180,339	156,865
Office and miscellaneous		116,909	110,919
Professional fees		218,923	131,750
Share-based compensation	6, 9, 15	394,823	485,632
Transfer agent fees		42,126	69,181
Total general and administrative expenses		1,436,889	1,172,551
Accretion expense	8	286,432	255,782
Impairment of mineral properties and deferred exploration costs	4	1	935,984
Gain on extinguishment of accounts payable	6	(485,691)	-
Loss on sale of mineral property rights	4	84,046	-
Interest revenue	4	(1,354)	-
Gain on forgiveness of loan	7	-	(2,208)
Loss and comprehensive loss before income tax		(1,320,323)	(2,362,109)
Income tax recovery	10	-	12,000
Loss and comprehensive loss for the year		\$ (1,320,323)	\$ (2,350,109)
Basic and diluted loss per common share		\$ (0.04)	\$ (0.09)
Weighted average number of common shares outstanding – basic and diluted		30,802,797	26,641,672

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

JZR GOLD INC.**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Subscriptions Receivable	Share-based Payment Reserve	Warrant Reserve	Equity Portion of Convertible Debentures	Deficit	Total
Balance, June 30, 2021		20,215,236	\$ 8,780,386	\$ (14,300)	\$ 956,038	\$ -	\$ 378,542	\$ (5,918,103)	\$ 4,182,563
Units issued in private placements	9	3,991,670	2,948,850	(76,351)	-	151,150	-	-	3,023,649
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, 15	-	(25,060)	-	-	25,060	-	-	-
Expiry of broker warrants	9	-	4,266	-	-	(4,266)	-	-	-
Share-based compensation	9, 15	-	-	-	485,632	-	-	-	485,632
Exercise of options	9	50,000	25,270	-	(7,770)	-	-	-	17,500
Exercise of warrants	9	4,310,360	1,530,628	-	-	-	-	-	1,530,628
Net loss and comprehensive loss for the year	15	-	-	-	-	-	-	(2,350,109)	(2,350,109)
Balance, June 30, 2022 (Restated - Note 15)		28,567,266	13,171,433	(90,651)	1,433,900	171,944	417,686	(8,268,212)	6,836,100
Units issued in private placement	9	2,610,018	1,571,632	(19,000)	-	81,130	-	-	1,633,762
Share issuance costs	9	-	(6,825)	-	-	-	-	-	(6,825)
Equity portion of convertible debenture	8	-	417,686	-	-	-	(417,686)	-	-
Shares issued on conversion of convertible debenture	8	6,583,333	1,975,000	-	-	-	-	-	1,975,000
Broker warrants in connection with private placement	9	-	(2,013)	-	-	2,013	-	-	-
Expiry of broker warrants	9	-	26,118	-	-	(26,118)	-	-	-
Share-based compensation	9	-	-	-	394,823	-	-	-	394,823
Exercise of options	9	250,000	118,504	-	(31,004)	-	-	-	87,500
Exercise of warrants	9	20,000	6,000	-	-	-	-	-	6,000
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(1,320,323)	(1,320,323)
Balance, June 30, 2023		38,030,617	\$ 17,277,535	\$ (109,651)	\$ 1,797,719	\$ 228,969	\$ -	\$ (9,588,535)	\$ 9,606,037

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

JZR GOLD INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30,
(Expressed in Canadian Dollars)

	2023	2022
	(Restated - Note 15)	
OPERATING ACTIVITIES		
Net loss for the year	\$ (1,320,323)	\$ (2,350,109)
Items not affecting cash:		
Accretion expenses	286,432	255,782
Accrued interest	169,546	156,865
Gain on extinguishment of accounts payable	(485,691)	(2,208)
Impairment of mineral properties and deferred exploration costs	1	935,984
Share based compensation	394,823	485,632
Income tax recovery	-	(12,000)
Accrued interest revenue	(1,263)	-
Loss on sale of mineral property rights	84,046	-
Changes in non-cash working capital items:		
Amounts receivable	3,558	5,035
Prepaid expenses	(19,013)	(43,606)
Due to related parties	14,273	(33,788)
Decrease in accounts payable and accrued liabilities	53,713	(28,620)
Net cash used in operating activities	(819,898)	(631,033)
INVESTING ACTIVITIES		
Mineral property, rights, and deferred exploration costs, net of recoveries	(96,001)	(102,932)
Acquisition of mineral properties	(68,520)	-
Sale of mineral properties	50,018	-
Payment made for intangible asset	(1,881,082)	(3,672,915)
Net cash used in investing activities	(1,995,585)	(3,775,847)
FINANCING ACTIVITIES		
Funds received on issuance of common shares net of issuance costs	1,626,937	3,007,093
Funds received on exercise of warrants	6,000	1,454,277
Funds received on exercise of options	87,500	17,500
Issuance of convertible debt	-	186,000
Interest paid on convertible debt	(160,437)	(158,000)
Repayment of convertible debenture	-	(718,748)
Funds received on short term loan	964,000	(5,500)
Net cash provided by financing activities	2,524,000	3,782,622
Decrease in cash and cash equivalents during the year	(291,484)	(624,258)
Cash and cash equivalents, beginning of year	458,237	1,082,495
Cash and cash equivalents, end of year	\$ 166,753	\$ 458,237
Cash	\$ 158,008	\$ 449,492
Cash equivalents	8,745	8,745
Total cash and cash equivalents	\$ 166,753	\$ 458,237

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these 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 principal place of business, head office and records office is located at Suite 404-1688 152 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.

Going concern of operations

These 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 \$1,320,323 for the year ended June 30, 2023 (2022 - \$2,350,109), with an accumulated deficit of \$9,588,535 (2022 - \$8,268,212) and had a working capital deficiency of \$1,588,098 (2022 - \$2,445,233). 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.

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, such adjustments could be material. These conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These 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 IFRS Interpretations Committee ("IFRIC"). These financial statements are prepared using IFRSs in effect as at June 30, 2023. Significant accounting policies and the applicable basis of measurement used in the preparation of these financial statements are described in Note 3.

These 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized for issuance by the Board of Directors on October 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are those policies which the Company has adopted for its financial statements for the year ended June 30, 2023. These policies have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions that are cashable and where principal is guaranteed, and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company held \$8,745 of cash equivalents as at June 30, 2023 (2022 -\$8,745).

Foreign currency translation

Foreign currency transactions are translated into the Company's functional currency (the Canadian dollar) at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

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

Mineral properties and deferred exploration costs

The Company's accounting policy for mineral property costs is dependent on the stage of the properties to which the costs relate. All capitalized costs are attributed to the individual mineral properties to which they relate, known as cash generating units ("CGUs").

Acquisition costs

All costs incurred to acquire or maintain mineral property rights are capitalized to the relevant CGU. These costs are not depleted until the CGU reaches production.

Exploration and evaluation costs

Costs related to the exploration and evaluation of properties for which no technically or economically feasible reserves have been established are capitalized to the relevant CGU in the period incurred. The Company determines that technical and economic feasibility exists when:

- a feasibility study, prepared in accordance with professional geological standards, defines a proven mineral reserve body;
- the Company intends to recover the mineral reserves through mining activity or sale of mineral rights; and
- the Company has sufficient financing available to develop and operate a mine or to market the mineral rights.

Exploration and evaluation assets are reviewed for indicators of impairment at each reporting date. An indicator of impairment exists if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures. If there is an indication of impairment, and the Company determines the recoverable amount of the specific exploration and evaluation asset as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation assets, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

Exploration and evaluation costs are classified as intangible assets.

Development costs

When technical and economic feasibility exists for a certain CGU, all costs incurred to further prepare and develop a mine, or to ready the reserve rights for sale, are capitalized. Such costs may include interest on debt financing required to construct a mine or general and overhead expenses that are directly attributable to the CGU. These capitalized costs are not subject to depletion until such time as the mine is ready for production or the mineral rights are saleable, at which point they are depleted on a unit-of-production basis over the estimated recoverable reserves of each CGU.

Post-development costs

After a mine is ready for production or mineral reserves are saleable, all costs, including interest on related debt and general and administrative costs are expensed in the period incurred unless they relate to an extension of mineral reserves or a significant improvement in mining operations. In these instances, the expenditures related to the betterment are capitalized and are depleted on a unit-of-production basis over the remaining recoverable reserves.

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

Intangible asset

The intangible asset consists of the Company's interest in a royalty agreement with a third party with respect to the Vila Nova gold project, which is a mine in the development phase. The Company has the right to acquire 50% of the net profits interest in the Vila Nova property. As at June 30, 2023, the intangible asset was not yet available for use and accordingly, no amortization was recognized for the year.

Impairment (and reversals of impairment) of non-current assets

The Company reviews and tests the carrying amounts of its intangible assets with finite lives when an indicator of impairment is considered to exist. An intangible asset that is not yet available for use is tested for impairment annually. Impairment assessments on intangible assets are conducted at the level of the cash generating unit ("CGU"), which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and includes most liabilities specific to the CGU. For operating mines and projects, the individual mine/project represents a CGU for impairment testing.

The recoverable amount of a CGU is the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). An impairment loss is recognized for any excess of the carrying amount of a CGU over its recoverable amount where both the recoverable amount and carrying value include the associated other assets and liabilities, including taxes where applicable, of the CGU. Where it is not appropriate to allocate the loss to a separate asset, an impairment loss related to a CGU is allocated to the carrying amount of the assets of the CGU on a pro rata basis based on the carrying amount of its non-monetary assets.

Impairment reversal

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. This reversal is recognized in profit or loss and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD.

Reclamation provision

The Company recognizes a provision for environmental reclamation of its mineral properties in the period in which the Company becomes legally or constructively liable for future reclamation expenditures. The reclamation provision is initially measured at the present value of future expected reclamation cash flows, discounted using the risk-free interest rate prevailing at the time the liability is incurred, and a corresponding amount is recorded in the carrying value of the related mineral property.

Subsequent to initial measurement, the provision is re-measured using the risk-free interest rate prevailing on each reporting date. Changes to the carrying value of the provision for changes to the discount rate, or for changes to the timing and amount of expected future reclamation cash flows are recorded as an adjustment to the carrying value of the related mineral property. Changes to the carrying value of the provision from the accretion of its discounted value are recorded within profit or loss.

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

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the date of the grant. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Flow-through shares

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period before a 10% penalty tax applies on any unspent amount that has been renounced.

Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs are expensed for financial assets and liabilities measured at FVTPL.

Financial assets

Financial assets are subsequently classified and measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

i) *Amortized cost* - These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment charges are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

ii) *FVOCI* – these financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

iii) *FVTPL* - any financial assets that are not held in one of the two business models mentioned above are measured at FVTPL. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

The Company's financial assets are comprised of cash and cash equivalents, and security deposits. Cash and cash equivalents are classified at FVTPL and security deposits are measured at amortized cost. When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities, due to related parties, loans payable and convertible debentures. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Financial liabilities classified as at amortized cost, are measured in subsequent periods using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Impairment

The Company has a three-stage expected credit loss model for calculating impairment for financial assets. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Government subsidies

Government assistance is recorded as a reduction of the cost of the applicable assets as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

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

Convertible debentures

The component parts of convertible debentures issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible debenture as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible debenture, the balance recognized in equity will be transferred to deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debenture are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible debenture using the effective interest method.

(Loss) earnings per share

Basic (loss) earnings per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the dilutive effect of options, warrants and other convertible instruments. Under this method, the dilutive effect on earnings per share reflects the assumption that the proceeds from the exercise of options, warrants and other convertible instruments are used to purchase and cancel common shares at the average market price during the period. In periods that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

Current and deferred taxes

Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted on the statement of financial position date.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in profit or loss or equity, as the case may be, in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Share-based compensation

The Company recognizes a share-based compensation charge in operations for stock options granted to employees, officers and directors of the Company. The share-based compensation charge is based on the fair value of option awards granted, measured using the Black-Scholes option pricing model at the date of issue. The fair value of stock options granted is amortized to expense on a graded basis over the vesting periods of the option granted with an off-setting amount recorded in reserve.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Where share options or warrants expire or are cancelled, the fair value previously recognized is transferred from the applicable equity reserve to accumulated deficit.

Judgments, estimates and measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results may differ from these expectations and the corresponding amounts and disclosures reported in these financial statements.

Areas where management is required to make significant estimations or where measurements are uncertain are as follows:

i) *Mineral properties and deferred exploration costs*

The impairment of mineral properties and deferred exploration costs are based on various judgments and estimates. These include the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves, future mineral prices, and operating and capital expenditures for the properties.

ii) *Share-based compensation*

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. This model requires management to estimate the volatility of the Company's future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the share-based compensation expense reported.

iii) *Intangible asset*

The impairment of the intangible asset is based on various judgments and estimates. These include the assessment of impairment indicators and the estimates in determining the recoverable amount based on value in use applying a discounted cash flow model with the following assumptions: revenue projections, period of cash flows and a discount rate.

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

Accounting standards, amendments, and interpretations

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

The Company owned 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. 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, 2023, the Company disposed of multiple lots in connection with the Spider Property in Camborne to third parties for cash consideration of \$50,018 and a loan receivable of \$95,000 which was recorded as a recovery against the mineral properties and deferred exploration costs. The loan receivable is non-interest bearing and due on March 31, 2031. The loan was discounted at an interest rate of 12% which results a net present value of \$39,667. The Company's cost of the disposed properties was determined to be \$172,468 (2022 - \$nil) resulting in a loss the sale of the properties of \$84,046 (2022 - \$nil). The Company also repurchased lot 5942 in connection with the Spider Property in Camborne for consideration of \$67,407.

During the years ended June 30, 2023 and 2022, the Company relinquished its remaining claims on its Teddy Glacier properties and recorded an impairment of \$1 (2022 - \$935,984).

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

	Teddy Glacier	Spider	Total
Balance, June 30, 2021	\$ 929,106	\$ 604,905	\$ 1,534,011
Site exploration	6,879	96,053	102,932
Impairment	(935,984)	-	(935,984)
Balance, June 30, 2022	1	700,958	700,959
Acquisition costs	-	67,407	67,407
Property taxes	-	1,113	1,113
Sale of mineral properties	-	(172,468)	(172,468)
Site exploration	-	96,001	96,001
Impairment	(1)	-	(1)
Balance, June 30, 2023	\$ -	\$ 693,011	\$ 693,011

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 uncertainties arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated titles to all of its mineral properties and, to the best of its knowledge, the titles to all of the Company's properties are in good standing. Site exploration costs consists of consulting fees paid to related and third-party service providers.

Government subsidies

As at June 30, 2023, the Company has received all B.C. mining tax credits receivable for exploration work completed.

5. INTANGIBLE ASSET

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”) with respect to the Vila Nova gold project, which is mine in the development phase 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 June 30, 2023, \$8,446,956 (\$6,305,839 USD) had been paid to Eco in relation to the payments for the option and acquisition of the net profits interest. 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.

In 2021, 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 amount of the intangible asset:

	Vila Nova
Balance, June 30, 2021	\$ 4,873,959
Option and acquisition payments made	3,672,915
Balance, June 30, 2022	\$ 8,546,874
Option and acquisition payments made	1,881,082
Balance, June 30, 2023	\$ 10,427,956

As at June 30, 2023, the intangible asset was not yet available for use and accordingly, no amortization was recognized for the year.

As the intangible asset was not yet available for use, management has performed its annual impairment test for the intangible asset at the end of the reporting as at June 30, 2023. The recoverable amount for the intangible asset was based on value in use using a discounted cash flow model. The significant assumptions applied by management in determining value in use included revenue projections and projected cash flows based on financial budgets approved by management over a period of 5 years and a pre-tax discount rate of 20%.

The recoverable amount of the intangible asset exceeded its carrying amount and accordingly, no impairment was recognized as at June 30, 2023.

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6. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. Related parties are defined as key management personnel as well as any companies that are controlled by Officers or Directors of the Company. During the year ended June 30, 2023 and 2022, the Company paid or accrued wages and recognized share-based compensation to key management personnel in the following manner:

	June 30,		June 30,
	2023		2022
Short-term employee benefits	\$ 218,500	\$	184,125
Share-based compensation	236,132		390,784
	\$ 454,632	\$	574,909
Recorded as:			
Consulting fees	\$ 122,500	\$	88,125
Share-based compensation	236,132		390,784
Site exploration costs	96,000		96,000
	\$ 454,632	\$	574,909
Options issued	200,000		1,000,000

As at June 30, 2023; included in accounts payable and accrued liabilities was:

- \$817 (2022 - \$50,833) was owed for corporate expenses to the President of the Company and;
- \$30,500 (2022 - \$15,000) was owed for professional fees to a company controlled by the Chief Financial Officer.

During the year ended June 30, 2023, the Company also repaid \$31,114 of related party loans made by the CEO of the Company;

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

As at June 30, 2023, \$433,182 (2022 - \$406,558) was owing to a former President of the Company and \$147,072 (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 June 30, 2023.

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. During the year ended June 30, 2023, the claim was successful but for less than the amounts recorded in accounts payable. During the year ended June 30, 2023, the Company recorded an extinguishment of accounts payable of \$485,691.

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7. LOAN PAYABLE

During the year ended June 30, 2023, the Company entered into multiple loan agreements with third parties for \$1,000,000 of which \$964,000 was received in cash and \$36,000 received subsequent to year end. The loans bear interest at 12% per annum, are unsecured, will have a one-year term and are due on maturity. During the year ended June 30, 2023, the Company accrued \$4,584 in interest related to these loans.

During the year ended June 30, 2019, the Company entered into a loan agreement for \$38,000 of which \$35,000 was received in cash with the difference of \$3,000 recorded as a financing fee. The loan bears interest at 2% per month, is unsecured and due on demand. During the year ended June 30, 2020, the Company repaid \$40,000 of principal and accrued interest. During the year ended June 30, 2022, the Company repaid \$5,500 of principal and accrued interest and the remaining balance of \$2,208 was forgiven.

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. 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 rate was 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.

As at June 30, 2023, the Company accrued \$164,962 (2022 - \$156,865) of interest expenses, \$286,432 (2022 - \$225,782) of accretion expenses, repaid \$160,437 of accrued interest and converted \$1,975,000 of principal in connection with these Debentures as follows:

Opening balance, June 30, 2021	\$	2,013,288
Issuance of convertible notes		186,000
Less: Allocation to equity		(39,144)
Repayment of convertible debenture		(718,748)
Interest expense		156,806
Interest paid		(158,000)
Accretion expense		255,841
Income tax recovery		(12,000)
Ending balance, June 30, 2022	\$	1,684,043
Interest expense		164,962
Interest paid		(160,437)
Convertible debentures exercised		(1,975,000)
Accretion expense		286,432
Ending balance, June 30, 2023	\$	-

9. SHARE CAPITAL

Authorized unlimited common voting shares, no par value.

Issued

During the year ended June 30, 2023 the Company issued:

- 1,735,017 of units were issued at a price of \$0.65 per share for total proceeds of \$1,127,760 by way of a private placement. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.80 per share for a period of 12 months after the closing of the private placement, whereby the expiry date of the warrants may be accelerated in the event the daily trading price of the shares equals or exceeds \$1.20 for 15 consecutive trading days; and
- 875,001 of units were issued at a price of \$0.60 per share for total proceeds of \$525,001 by way of a private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant shall entitle the holder to acquire one additional common share at a price of \$0.90 per share for a period of 18 months after the date of issuance.
- \$81,130 was allocated to warrant reserves under residual method.

In addition, the Company also issued:

- 250,000 of common shares by way of option exercise at a price of \$0.35 per share for total proceeds of \$87,500;
- 6,583,333 of common shares by way of convertible debenture exercise at a price of \$0.30 per share for total proceeds of \$1,975,000; and
- 20,000 of common shares by way of warrant exercise at a price of \$0.30 per share for total proceeds of \$6,000.

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 fair value of the warrants is determined to be \$87,400 and is recorded as warrants reserves (see Note 15). 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 fair value of the warrants is determined to be \$63,750 and is recorded as warrant reserves (see Note 15). 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.

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

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;
- 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.

The number of shares issued but not fully paid was 195,422 (2022 – 160,422).

Stock options

As at June 30, 2023, 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 10% 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, 2023, the Company granted 200,000 incentive stock options with a term of five years. Each option entitles the holders to acquire one common share at a price of \$0.65 per share. 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 June 30, 2023		As at June 30, 2022	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of year	2,325,000	\$ 0.54	1,000,000	\$ 0.35
Granted	200,000	\$ -	1,375,000	\$ 0.67
Exercised	(250,000)	\$ (0.35)	(50,000)	\$ 0.35
Outstanding, end of year	<u>2,275,000</u>	<u>\$ 0.56</u>	<u>2,325,000</u>	<u>\$ 0.54</u>

As at June 30, 2023, 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			
700,000	466,667	\$ 0.35	2.65	February 22, 2026	
500,000	166,667	\$ 0.45	8.18	September 3, 2031	
875,000	291,667	\$ 0.80	3.85	May 6, 2027	
200,000	66,667	\$ 0.65	4.30	October 17, 2027	
<u>2,275,000</u>	<u>925,000</u>		<u>4.47</u>		

As at June 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			
950,000	633,333	\$ 0.35	3.65	February 22, 2026	
500,000	166,667	\$ 0.45	9.18	September 3, 2031	
875,000	291,667	\$ 0.80	4.85	May 6, 2027	
<u>2,325,000</u>	<u>1,091,667</u>		<u>5.29</u>		

During the year, the Company recorded share-based compensation of \$394,823 (2022 - \$485,632) (see Note 15) 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	October 2022
Expected volatility	112%	110%	104%	99%
Expected life	5 years	10 years	5 years	5 years
Risk-free interest rate	1.01%	1.11%	2.94%	3.72%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Exercise price	\$ 0.35	\$ 0.45	\$ 0.80	\$ 0.65
Spot price	\$ 0.27	\$ 0.56	\$ 0.77	\$ 0.64
Forfeiture rate	0.00%	0.00%	0.00%	0.00%

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

Share purchase warrants

Share purchase warrant transactions are summarized as follows:

As at June 30, 2023 the following warrants were outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price
Balance at June 30, 2021	6,957,110	\$ 0.37
Issued	4,105,130	\$ 1.20
Exercised	(4,310,360)	\$ 0.36
Expired	(2,640,750)	\$ 0.39
Balance at June 30, 2022	4,111,130	\$ 1.16
Issued	2,640,518	\$ 0.83
Exercised	(20,000)	\$ 0.30
Expired	(4,111,130)	\$ 0.39
Balance at June 30, 2023	2,620,518	\$ 0.83

During the year ended June 30, 2023, the Company granted 2,610,018 warrants to investors as well as 10,500 broker warrants pursuant to two non-broker private placements. The Company also granted 20,000 warrants for a convertible debt holder. During the year ended June 30, 2022, the Company granted 3,991,670 warrants to investors as well as 113,460 broker warrants pursuant to two non-brokered private placements.

Number of Warrants	Exercise Price	Expiry Date
998,093	\$ 0.80	September 28, 2023
4,500	\$ 0.80	September 28, 2023
736,924	\$ 0.80	October 28, 2023
6,000	\$ 0.80	October 28, 2023
875,001	\$ 0.90	April 21, 2023
2,620,518		

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

Share purchase warrants (cont'd...)

The fair value of broker warrants granted of \$2,013 were estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>September 2022</u>	<u>October 2022</u>
Expected volatility	99%	99%
Expected life	1 year	1 year
Risk-free interest rate	3.72%	3.72%
Dividend yield	0%	0%
Exercise price	\$ 0.80	\$ 0.80
Spot price	\$ 0.61	\$ 0.62
Forfeiture rate	0%	0%

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022 (Restated)
Loss for the year before income taxes (recovery)	\$ (1,320,323)	\$ (2,350,109)
Expected income tax (recovery)	\$ (356,000)	\$ (635,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	57,000
Permanent differences	107,000	131,000
Share issue cost	(17,000)	(17,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(118,000)	54,000
Change in unrecognized deductible temporary differences	384,000	398,000
Total income tax expense (recovery)	\$ -	\$ (12,000)
Current income tax	\$ -	\$ -
Deferred tax recovery	\$ -	\$ (12,000)

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2023	2022 (Restated)
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 147,000	\$ 144,000
Property and equipment	13,000	13,000
Share issue costs	33,000	35,000
Convertible debentures	-	(214,000)
Non-capital losses available for future period	1,249,000	1,080,000
	1,442,000	1,058,000
Unrecognized deferred tax assets	(1,442,000)	(1,058,000)
Net deferred tax assets	\$ -	\$ -

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10. INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2023	Expiry Date Range	2022 (Restated)	Expiry Date Range
Temporary Differences					
Exploration and evaluation assets	\$	445,000	No expiry date	\$ 437,000	No expiry date
Investment tax credit		36,000	2022 to 2042	36,000	2021 to 2041
Property and equipment		48,000	No expiry date	48,000	No expiry date
Share issue costs		121,000	2043 to 2046	128,000	2042 to 2045
Non-capital losses available for future periods		4,626,000	2027 to 2042	4,001,000	2026 to 2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment in two geographic locations, being the acquisition and development of mineral rights and properties in Canada and Brazil. Other than the loans receivable and intangible asset, the remaining operations pertained to the properties in Canada.

As at June 30, 2023:	Canada	Brazil	Total
Security deposits	\$ 33,500	\$ -	\$ 33,500
Loans receivable	39,667	-	39,667
Mineral properties and deferred exploration costs	693,011	-	693,011
Intangible asset	-	10,427,956	10,427,956
Total	\$ 766,178	\$10,427,956	\$11,194,134

As at June 30, 2022:			
Security deposits	\$ 33,500	\$ -	\$ 33,500
Mineral properties and deferred exploration costs	700,959	700,959	1,401,918
Intangible asset	-	8,546,874	8,546,874
Total	\$ 734,459	\$ 9,247,833	\$ 9,982,292

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12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

i. Non-cash investing and financing activities

The significant non-cash transactions during the year ended June 30, 2023:

- Converted \$1,975,000 of convertible debt to units upon expiration;
- Issuance of 10,500 broker warrants with a fair value of \$2,013;
- Expiry of broker warrants with a fair value of \$26,118
- \$31,004 transfer from reserve upon the exercise of options.

The significant non-cash transactions during the year ended June 30, 2022:

- Recognized equity portion of convertible debt of \$39,144;
- Issuance of 113,460 broker warrants with a fair value of \$26,118;
- Expiry of broker warrants with a fair value of \$4,226;
- \$7,770 transfer from reserve upon the exercise of options.

ii. Reconciliation of liabilities arising from financing activities

	2021		Cash flows					Non-cash changes			2022
			Accrued interest	Loan forgiveness	Allocation to equity	Accretion expense	Income tax recovery				
Loan payable	\$ 7,708	\$ (5,500)	\$ -	\$ (2,208)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convertible debentures	2,013,288	(690,748)	156,806	-	(39,144)	255,841	(12,000)		1,684,043		
Total liabilities from financing activities	\$ 2,020,996	\$ (696,248)	\$ 156,806	\$ (2,208)	\$ (39,144)	\$ 255,841	\$ (12,000)		\$ 1,684,043		

	2022		Cash flows					Non-cash changes			2023
			Accrued interest	Loan forgiveness	Converted to common shares	Accretion expense	Income tax recovery				
Loan payable	\$ -	\$ 964,000	\$ 4,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 968,584		
Convertible debentures	1,684,043	(160,437)	164,962	-	(1,975,000)	286,432	-	-	-		
Total liabilities from financing activities	\$ 1,684,043	\$ 803,563	\$ 169,546	\$ -	\$ (1,975,000)	\$ 286,432	\$ -	\$ -	\$ 968,584		

12. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash and cash equivalents, loans receivable, security deposits, accounts payable and accrued liabilities, due to related parties, loan payable 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 June 30, 2023 as follows:

	Fair Value Measurements Using			Balance, June 30, 2023 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	166,753	–	–	166,753

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

As June 30, 2023, the Company's cash and cash equivalents is measured using 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, or attached market rates of interest, as the loan receivable and security deposits are not short term.

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

	Fair Value Measurements Using			Balance, June 30, 2023 \$
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	
Cash and cash equivalents	458,237	–	–	458,237

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and security deposits are held with high credit quality financial institutions, and the loan receivable is secured by the asset sold. The Company believes it does not have material exposure to credit risk. The Company's exposure to and management of credit risk have not changed materially from that of the year ended June 30, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a cash balance of \$166,753 to settle current liabilities of \$1,830,438.

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. The Company's exposure to and management of liquidity risk have not changed materially from that of the year ended June 30, 2022.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and comprises: currency risk, interest rate risk and other price risk. The Company's exposure to and management of market risk have not changed materially from that of the year ended June 30, 2022.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has \$33,500 of security deposits earning interest at an average rate of 0.57% per annum. Security deposits and cash are held in banks receiving market rates of interest. There is no interest rate risk associated with the convertible debentures as they were repaid during the year. The loan receivable does not bear interest and the loan payable is at a set interest rate of 12% per annum, which approximates a market rate of interest. As such, the Company does not believe that it is materially exposed to interest rate risk.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have assets or liabilities denominated in a foreign currency and therefore is not exposed to currency risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company considers commodity prices when raising money through equity issuances of units or common shares of the Company. However, the Company is not directly exposed to other price risk with respect to commodity and equity prices, as it does not hold or trade commodities or marketable securities. When considering an equity raise of funds, the Company closely monitors commodity prices of gold and the stock market price of the Company's common shares 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 capital structure which comprises all components of shareholders' equity, which totaled \$9,606,036 at June 30, 2023 (2022 - \$6,836,100).

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.

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15. RESTATEMENTS

The 2022 comparatives have been restated for adjustments reflecting the correction of errors as summarized below:

- a) As disclosed in Note 9, the Company issued an aggregate of 3,991,670 units in relation to two private placements during the year. The fair value of the warrants within each unit was previously determined to be \$nil. As part of the restatement, the fair value of the warrants was corrected to be \$151,150 in accordance with the Company's policy to recognize shares and warrants issued in private placement units under the residual method. The correction was recorded in warrant reserve. This also resulted in a correction to share capital from \$13,322,583 to \$13,171,433.
- b) As disclosed in Note 9, during 2022, the Company granted 1,375,000 of stock options. The fair value of these options was previously determined to be \$321,251 on initial recognition. As part of the restatement, the fair value was determined to be \$485,632 under the graded vesting method, which resulted in additional share-based compensation expense of \$156,611 recorded.

The impacts of the above corrections on the figures for the year ended June 30, 2022, and the balances for the comparative period June 30, 2022 are reflected as follows:

Statement of Financial Position

As at June 30,	As previously reported 2022	Adjustment		As restated 2022
		(a)	(b)	
ASSETS				
Current				
Cash and cash equivalents	\$ 458,237			\$ 458,237
Amounts receivable	12,032			12,032
Prepaid expenses	48,099			48,099
Total current assets	518,368	-	-	518,368
Security deposits	33,500			33,500
Mineral properties and deferred exploration costs	700,959			700,959
Intangible asset	8,546,874			8,546,874
Total assets	\$ 9,799,701	-	-	\$ 9,799,701
LIABILITIES & SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	\$ 1,262,513			\$ 1,262,513
Due to related parties	17,045			17,045
Convertible debentures	1,684,043			1,684,043
Total liabilities	2,963,601	-	-	2,963,601
Shareholders' equity				
Share capital	13,322,583	(151,150)		13,171,433
Reserves	1,298,082	151,150	156,611	1,605,843
Equity portion of convertible debenture	417,686			417,686
Subscriptions receivable	(90,651)			(90,651)
Deficit	(8,111,600)		(156,611)	(8,268,211)
	6,836,100	-	-	6,836,100
Total liabilities and shareholders' equity	\$ 9,799,701	-	-	\$ 9,799,701

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RESTATEMENTS (cont'd)

Statement of Loss and Comprehensive Loss

For the year ended June 30,	As previously reported 2022	Adjustment		As restated 2022
		(a)	(b)	
EXPENSES				
Consulting fees	188,891			188,891
Filing fees	\$ 29,313		\$	29,313
Interest and bank charges	156,865			156,865
Office and miscellaneous	110,919			110,919
Professional fees	131,750			131,750
Share based compensation	329,021		156,611	485,632
Transfer agent fees	69,181			69,181
Total general and administrative expenses	1,015,940	-	156,611	1,172,551
Accretion expense	255,782			255,782
Impairment of mineral properties and deferred exploration costs	935,984			935,984
Gain on forgiveness of loan	(2,208)			(2,208)
Loss and comprehensive loss before income tax	(2,205,498)	-	(156,611)	(2,362,109)
Income tax recovery	12,000			12,000
Loss and comprehensive loss for the year	\$ (2,193,498)	-	(156,611)	\$ (2,350,109)
Basic and diluted loss per common share	\$ (0.08)			\$ (0.09)
Weighted average number of common shares outstanding – basic and diluted	26,641,672			26,641,672

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15. RESTATEMENTS (cont'd)

Statement of Cash Flows

For the year ended June 30,	As previously reported 2022	Adjustment		As restated 2022
		(a)	(b)	
OPERATING ACTIVITIES				
Net loss for the year	\$ (2,193,498)		(156,611)	\$ (2,350,109)
Items not affecting cash:				
Accretion expenses	255,782			255,782
Accrued interest	156,865			156,865
Extinguishment of accounts payable	(2,208)			(2,208)
Gain on forgiveness of loan	935,984			935,984
Share based compensation	329,021		156,611	485,632
Income tax recovery	(12,000)			(12,000)
Changes in non-cash working capital items:				
Amounts receivable	5,035			5,035
Prepaid expenses	(43,606)			(43,606)
Due to related parties	(33,788)			(33,788)
Accounts payable and accrued liabilities	(28,620)			(28,620)
Net cash used in operating activities	(631,033)	-	-	(631,033)
INVESTING ACTIVITIES				
Mineral property, rights, and deferred exploration costs, net of recoveries	(102,932)			(102,932)
Acquisition of mineral properties	-			-
Sale of mineral properties	-			-
Payment made for deferred acquisition of net profit interests	(3,672,915)			(3,672,915)
Net cash used in investing activities	(3,775,847)	-	-	(3,775,847)
FINANCING ACTIVITIES				
Funds received on issuance of common shares net of issuance costs	3,007,093			3,007,093
Funds received on exercise of warrants	1,454,277			1,454,277
Funds received on exercise of options	17,500			17,500
Issuance of convertible debt	186,000			186,000
Interest paid on convertible debt	(158,000)			(158,000)
Repayment of convertible debenture	(718,748)			(718,748)
Funds received on short term loan	(5,500)			(5,500)
Net cash provided by financing activities	3,782,622	-	-	3,782,622
Decrease in cash and cash equivalents during the year	(624,258)	-	-	(624,258)
Cash and cash equivalents, beginning of year	1,082,495			1,082,495
Cash and cash equivalents, end of year	\$ 458,237			\$ 458,237

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15. RESTATEMENTS (cont'd)

Statement of Changes in Shareholders' Equity

For the year ended June 30,	As previously reported	Adjustment		As restated
	2022	(a)	(b)	2022
Share Capital	\$ 13,322,583	(151,150)		\$ 13,171,433
Reserves	1,298,082	151,150	156,611	1,605,843
Equity Portion of Convertible Debentures	417,686			417,686
Subscriptions Receivable	(90,651)			(90,651)
Deficit	(8,111,600)		(156,611)	(8,268,211)
Total equity	\$ 6,836,100	-	-	\$ 6,836,100

16. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Company:

- Issued 300,000 bonus shares in relation to the loan payable (Note 7); and
- Completed a non-brokered private placement whereby the Company intends to issue 4,000,000 units at a price of \$0.20 per unit for gross proceeds of \$800,000. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.40 per share for 24 months;