



# LAVRAS GOLD



CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)

Nine months ended September 30, 2022

## ABOUT LAVRAS GOLD CORP.

We are a Canadian company exploring to realize the potential of a multi-million-ounce gold district in southern Brazil. The Company was spun out from Amarillo Gold Corporation when it was acquired by Hochschild Mining in early 2022.

Led by a management team that unites exploration expertise with capital markets acumen, our Lavras do Sul (LDS) Project is in Rio Grande do Sul state. LDS is primarily an intrusive-hosted gold system of possible alkaline affinity with consolidated gold resources across two targets of approximately one million ounces of gold. At least 23 gold prospects centred on historic gold workings have been identified on the 22,000-hectare property.

Our head office is located at 82 Richmond Street East, Suite 201, Toronto, Ontario, Canada M5C 1P1. Our registered office is at 1055 West Hastings Street, Suite 1700, Vancouver, British Columbia, Canada V6E 2E9.

We are listed on the TSXV under the symbol LGC. Learn more at [lavrasgold.com](http://lavrasgold.com) and follow @LavrasGold on LinkedIn, Twitter, and YouTube.

### In this document:

- *We, us, our, Company, and Lavras Gold* mean Lavras Gold Corp. and its wholly owned subsidiaries.
- Interim financial statements and interim statements mean condensed interim consolidated financial statements.
- All dollar amounts are in Canadian dollars unless otherwise noted.
- Information is as at November 7, 2022 unless otherwise noted.

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## MANAGEMENT IS RESPONSIBLE FOR THESE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements  
have not been audited or reviewed by an auditor

National Instrument 51-102, Part 4, subsection 4.3(3)(a), requires companies to clearly identify whether their interim financial statements have been reviewed by an auditor.

These unaudited condensed interim financial statements of Lavras Gold Corp. for the nine months ended September 30, 2022, have been prepared by our management and are their sole responsibility.

Our independent auditor has not reviewed these financial statements according to the auditing standards set by the Canadian Institute of Chartered Accountants for reviewing a company's interim financial statements.

# CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Notes	As at September 30, 2022 \$	As at December 31, 2021 \$
<b>Current assets</b>			
Cash and cash equivalents		6,641,973	1
Accounts receivable		12,939	–
Prepays and deposits		50,374	–
		6,705,286	1
<b>Non-current assets</b>			
Exploration and evaluation properties	5	9,390,586	–
Mara Rosa Royalty	6	150,000	–
Other assets		68,912	–
		9,609,498	–
<b>Total assets</b>		<b>16,314,784</b>	<b>1</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		445,010	–
		445,010	–
<b>Equity</b>			
Capital stock	7 (b)	16,852,586	1
Contributed surplus		430,819	–
Deficit		(1,413,631)	–
		15,869,774	1
<b>Total liabilities and equity</b>		<b>16,314,784</b>	<b>1</b>

Business of Lavras Gold and going concern (Note 1)

## Approved by the Board

/s/ Lawrence Lepard  
Chair, Audit Committee

/s/ Rowland Uloth  
Chair, Board of Directors

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

# CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

	Notes	Three months ended		Nine months ended	
		September 30		September 30	
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses (income)					
General and administrative	10	445,972	–	947,086	–
Stock-based compensation		142,913	–	430,819	–
Foreign exchange loss		32,188	–	26,678	–
Interest income		(4,333)	–	(7,174)	–
Interest and finance charges		6,092	–	16,222	–
Total loss and comprehensive loss	8	622,832	–	1,413,631	–
Basic and diluted loss per share		0.02	–	0.03	–
Weighted average shares outstanding – basic and diluted	8	41,103,869	–	41,103,869	–

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

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Notes	Shares #	Capital stock \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance November 25, 2021, December 31, 2021, and March 31, 2022		1	1	–	–	1
Issued under the Arrangement	1	411,038,694	16,852,585	–	–	16,852,585
Share consolidation (10:1)	1	(369,934,826)	–	–	–	–
Stock-based compensation		–	–	430,819	–	430,819
Loss and comprehensive loss for the period		–	–	–	(1,413,631)	(1,413,631)
Balance September 30, 2022		41,103,869	16,852,586	430,819	(1,413,631)	15,869,774

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

# CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

	Notes	Three months ended September 30		Nine months ended September 30	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>Operating activities</b>					
Net loss for the period		(622,832)	–	(1,413,631)	–
Stock-based compensation		142,913	–	430,819	–
		(479,919)	–	(982,812)	–
Accounts receivable		5,694	–	(12,939)	–
Prepays and deposits		(30,126)	–	(50,374)	–
Accounts payable and accrued liabilities		166,228	–	445,010	–
Net cash used in operating activities		(338,123)	–	(601,115)	–
<b>Investing activities</b>					
Exploration and evaluation properties		(985,427)	–	(2,192,091)	–
Mara Rosa Royalty	1	–	–	(150,000)	–
Other assets		(2,262)	–	(46,777)	–
Net cash used in investing activities		(987,689)	–	(2,388,868)	–
<b>Financing activities</b>					
Cash received under the Arrangement	1	–	–	9,511,250	–
Net cash acquired at the LDS Project	1	–	–	120,705	–
Net cash from financing activities		–	–	9,631,955	–
Change in cash and cash equivalents during the period		(1,325,812)	–	6,641,972	–
Cash and cash equivalents, beginning of period		7,967,785	–	1	–
Cash and cash equivalents, end of period		6,641,973	–	6,641,973	–

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

# NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

## 1. Business of Lavras Gold and going concern

We were incorporated under the British Columbia Business Corporations Act on November 25, 2021, solely to participate in an Arrangement Agreement between Amarillo Gold Corporation (Amarillo) and Hochschild Mining PLC (Hochschild) dated November 29, 2021 (the Arrangement).

Under the Arrangement, which closed on April 1, 2022, a holder of Amarillo common shares received, in exchange for each Amarillo common share, cash consideration of C\$0.40 and one common share of Lavras Gold.

Lavras Gold in turn held the assets and liabilities of the Lavras do Sul Project (the LDS Project), an advanced exploration gold project in Brazil that was not acquired by Hochschild. Lavras Gold also received \$10 million cash from Hochschild and a 2% net smelter return royalty (the Mara Rosa Royalty) over certain of Amarillo's exploration properties located outside of the current Posse resource and mine plan at its Mara Rosa property in Goiás state, Brazil.

Hochschild's cash contribution was reduced to \$9,511,250 when the Arrangement closed because \$488,750 more than the agreed budget with Hochschild was spent on the LDS Project.

Lavras Gold was a wholly owned subsidiary of Amarillo at March 31, 2022, and had not carried out any active business until then, other than in connection with the Arrangement.

On April 1, 2022, we were owned by the former shareholders of Amarillo and had 411,038,694 common shares outstanding. Our shares began trading on the Toronto Venture Exchange on April 12, 2022, under the symbol LGC.

On June 7, 2022, we consolidated our issued and outstanding common shares on a 10:1 basis, resulting in 41,103,869 common shares outstanding post-consolidation.

The transactions under the Arrangement were accounted for based on the volume-weighted average trading price of \$0.41 (or \$0.041 pre-consolidation) per common share of Lavras Gold for April 2022.

The total ascribed value of \$16,852,585 was allocated as follows:

Cash received under the Arrangement	\$ 9,511,250
Net cash acquired from the LDS Project	120,705
Other assets obtained from LDS Project	22,134
Acquisition of the LDS Project exploration and evaluation properties	<u>7,198,496</u>
Ascribed value of common shares issued under the Arrangement	<u>\$ 16,852,585</u>

## COVID-19

We continue to operate despite the uncertainty created by COVID-19, which the World Health Organization has classified as a pandemic.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets, and our financial position cannot be reasonably estimated at this time. The ongoing pandemic could adversely impact our ability to carry out our plans and raise capital. We continue to monitor developments and adapt our business plans accordingly.

## GOING CONCERN

We have not earned any revenue to date from our operations. We are exploring the LDS Project.

The recoverability of the LDS Project's carrying values and the related deferred evaluation and exploration expenditures depend on:

- discovering economically recoverable reserves
- maintaining our interest in the underlying mineral claims
- our ability to obtain necessary financing to complete their development
- establishing profitable production in the future or selling the properties for sufficient proceeds.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business.

However, we are exploration-focused and subject to the risks and challenges of companies in the same sector. These include exploration, development, and operational risks that are standard to the mining industry. Current market conditions also include other uncertainties like the volatility of precious metal prices and the broader global economy.

These risks mean that although we will need to raise additional financing to carry out future exploration activities, there can be no assurance that our funding initiatives will be successful or that we will have access to adequate funding or funding under favourable terms.

These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption deemed inappropriate. These adjustments could be material.

Lavras Gold has an accumulated deficit of \$1,413,631 from inception and a working capital of \$6,260,276. Our ability to continue operating depends on our ability to continue to raise adequate financing, operate profitably in the future, and repay liabilities arising from normal operations as they come due. As such, the material uncertainties listed above may cast significant doubt upon our ability to continue as a going concern.

## 2. Basis of presentation

We have prepared these unaudited condensed interim consolidated financial statements according to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards (IAS) Board and the International Financial Reporting Interpretations Committee.

Accordingly, certain disclosures included in annual financial statements prepared according to IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the period from incorporation on November 25, 2021 to December 31, 2021.

The accounting policies applied while preparing of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in our consolidated financial statements for the period ended December 31, 2021.

We have made judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses while preparing these financial statements according to IAS 34 – “Interim Financial Reporting”.

The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances, and the results are used to make judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied while preparing these condensed interim consolidated financial statements are consistent with those applied in our consolidated financial statements for the period ended December 31, 2021.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars and include our subsidiaries as detailed below.

<b>Subsidiary</b>	<b>Ownership</b>
LDS Mineração do Brasil Ltda (“LDS”)	100%
Lavras do Sul Mineração do Brasil Ltda (“LDSM”)	49% (with 100% effective control)

### 3. Financial risk factors

Our activities expose Lavras Gold to three key financial risks:

- credit risk
- liquidity risk
- market risk, including interest rate, foreign rate, and gold price risk.

Our management team is responsible for managing these risks. It receives guidance from the Audit Committee under policies approved by the Board of Directors, which also provides regular guidance on overall risk management.

#### **CREDIT RISK**

Credit risk is the risk of loss associated with a counterparty's inability to make its payment obligations.

Our credit risk is primarily attributable to cash and cash equivalents. Credit risk on cash and cash equivalents is remote, as they are held with reputable financial institutions and closely monitored by management.

We believe that the credit risk for financial instruments included in accounts receivable is also remote. Most of the receivables are made up of taxes receivable, so no amount was applied for credit losses.

#### **LIQUIDITY RISK**

Liquidity risk is the risk that we will be unable to meet our short-term financial obligations.

Our goal in managing this risk is to make sure we can meet our liabilities when they are due. However, there can be no assurance that we will be able to obtain adequate financing in the future or that the terms of the financing will be favourable (Note 1).

At September 30, 2022, we had a cash and cash equivalents balance of \$6,641,973 (December 31, 2021 – \$1) to settle current liabilities of \$445,010 (December 31, 2021 – \$nil).

#### **MARKET RISK**

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

##### *(a) Interest rate risk*

We regularly monitor our cash management policy of investing excess cash in high yield savings accounts. Interest rate risk is remote, as our cash is relatively unaffected by changes in short-term interest rates and the interest rate.

### *(b) Foreign currency risk*

Our functional currency is the Canadian dollar. We transact major purchases in Canadian dollars and Brazilian reais (BRL). We maintain a Brazilian real-denominated bank account to fund exploration expenses with enough funds to support monthly forecasted cash outflows.

### *(c) Commodity price risk*

Commodity price risk, specifically relating to the price of gold, could adversely affect Lavras Gold. In particular, our future profitability and viability of development depends on the world market price of gold, which has fluctuated significantly in recent years.

We were not a gold producer as at September 30, 2022. However, gold price risk affects the completion of future equity transactions like equity offerings and the exercise of stock options. This may also affect our liquidity and our ability to meet our ongoing obligations.

### *Sensitivity analysis*

Based on management's knowledge and experience of the financial markets, we believe the following movements are reasonably possible over a nine-month period.

Cash is subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the nine-month period ended September 30, 2022.

We are exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts receivable, accounts payable denominated in Brazilian reais, and cash denominated in U.S. dollars.

A plus or minus 5% change in the foreign exchange rate of the Brazilian real against the Canadian dollar would affect net loss for the nine months ended September 30, 2022, by approximately \$1,400.

A plus or minus 5% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect net loss for the nine months ended September 30, 2022, by approximately \$3,100.

## 4. Categories of financial instruments

	September 30, 2022	December 31, 2021
	\$	\$
Financial assets		
Fair value through profit and loss		
Cash and cash equivalents	6,641,973	1
Amortized cost		
Accounts receivable, excludes HST/GST receivable	-	-
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	445,010	-

## FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE

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

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – valuation techniques using either direct observable inputs (i.e., prices) or indirect observable inputs (i.e., derived from prices) for the asset or liability, other than the quoted prices in Level 1
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their carrying amounts due to their short-term nature.

The fair value of the accounts payable, accrued liabilities, and concession fees payable approximates their carrying values due to current market rates and consistency of credit spread.

As at September 30, 2022, and December 31, 2021, cash and cash equivalents were measured at fair value and are classified within Level 1 of the fair value hierarchy.

## 5. Exploration and evaluation properties

	Notes	September 30, 2022 \$	December 31, 2021 \$
Acquisition costs			
Balance, beginning of period		-	-
Acquisition of LDS Project exploration and evaluation assets under the Arrangement	1	7,198,496	-
Property payment		66,772	-
Balance, end of period		7,265,268	-
Exploration expenditures			
Balance, beginning of period		-	-
Expenditures during the period			
Drilling, exploration, and related costs		1,089,965	-
Consulting		235,220	-
Salaries		279,269	-
Aeromagnetic survey		296,604	-
Transportation		22,211	-
Travel and accommodation		9,565	-
Concession taxes		596	-
Software		57,154	-
Other evaluation and exploration expenses		134,734	-
Total exploration and evaluation expenditures		2,125,318	-
Total		9,390,586	-

## LDS PROJECT

The LDS Project is in the state of Rio Grande do Sul, Brazil, approximately 320 kilometres by paved road southwest of the state capital Porto Alegre. It includes 28 mineral rights covering an area of approximately 22,369 hectares.

The LDS Project includes contractual interests and applicable agreements in the mineral rights held by Lavras Gold and its subsidiaries. The agreements governing Lavras Gold's contractual interests in the mineral rights comprising the LDS Project are described below.

### *RTDM Option Agreement*

Lavras Gold, through its subsidiaries, was assigned the rights and obligations that were previously acquired under an option agreement (the RTDM Option Agreement) between Amarillo Mineracao do Brasil Ltda (AMB), a subsidiary of Amarillo, and Rio Tinto Desenvolvimentos Minerais Ltda. (RTDM).

RTDM acquired options to earn interests in 21 mineral rights through agreements that were signed with two separate landowners.

On August 24, 2004, it entered an option agreement (the CBC Option Agreement) with Companhia Brasileira do Cobre (CBC) for CBC's 16 mineral rights (the CBC Mineral Rights). These cover 9,669 hectares, an area that includes the Butiá and Cerrito prospects, which both have NI 43-101 compliant gold resources.

On November 16, 2021, the CBC Option Agreement was replaced with an agreement to purchase the CBC Mineral Rights (the CBC Purchase Agreement).

The CBC Purchase Agreement required the following payments in Brazilian reais:

- (i) US\$250,000 which was paid by AMB upon execution of the CBC Purchase Agreement in November 2021
- (ii) US\$150,000 within one year of the date of execution of the CBC Purchase Agreement (November 2022)
- (iii) six annual installments of US\$100,000, the first of which being payable within one year, after the second payment set out above
- (iv) the amounts payable under (ii) and (iii) above are payable in full once Brazilian regulators approve the transfer of the properties to LDSM.

Lavras Gold also agreed to grant to CBC a royalty (the CBC Royalty) equal to 1.5% of the gross revenue of the future undertaking of the transferred CBC Mineral Rights, if and when there is mining activity in the area of the CBC Mineral Rights. Lavras Gold has a right of first refusal for any proposed transfer by CBC of the CBC Royalty.

On October 22, 2004, it entered an option agreement with Vidal de Souza (the Vidal de Souza Option Agreement) for five mineral rights (the Vidal de Souza Mineral Rights). These cover approximately 4,582 hectares.

Lavras Gold is negotiating to replace the Vidal de Souza Option Agreement with a purchase agreement. If a purchase agreement cannot be reached, Lavras Gold can form a joint venture with the underlying owners. If the underlying owners elect not to contribute, then Lavras Gold will earn a 100% interest in the mineral rights and pay a 1.5% NSR on production.

Lavras Gold must also make the following payments to RTDM:

- US\$1,806,000 upon receipt of the Installation License covering the LDS Project, and
- Pay a 0.5% NSR on production from the mineral rights underlying the RTDM Option Agreement.

### *IAMGOLD Agreement*

On May 28, 2021, Amarillo entered into an agreement with IAMGOLD Corporation (IAMGOLD) to purchase four mineral rights (the IAMGOLD Purchase Agreement).

Under the terms of the IAMGOLD Purchase Agreement, Border Prospecções Minerais Ltda. (BPML), a subsidiary of IAMGOLD, agreed to assign and transfer to Amarillo a 100% interest in four mineral rights (the BPML Mineral Rights) covering approximately 5,852 hectares. Pursuant to an assignment agreement between Amarillo, Lavras Gold and IAMGOLD, all rights and obligations of Amarillo were assigned to, and assumed by, Lavras Gold and LDSM.

The purchase price payable by Lavras Gold for the BPML Mineral Rights is US\$700,000, payable as follows:

- (a) US\$50,000, payable within 12 months from the date of execution of the IAMGOLD Purchase Agreement, which was paid in June 2022;
- (b) US\$50,000, within 10 days from the date the BPML Mineral Rights are transferred and assigned to Lavras Gold;
- (c) US\$100,000, within 10 days from the date that Lavras Gold submits to the ANM an economic exploitation plan with respect to any of the titles comprising the BPML Mineral Rights, and which indicates the technical and economic feasibility of the project;
- (d) US\$100,000, within 10 days from the date that Lavras Gold discloses in a news release for the first time a feasibility study with respect to any of the titles comprising the BPML Mineral Rights;
- (e) US\$400,000, within 12 months from the date that Lavras Gold discloses in a news release for the first time the commencement of commercial production with respect to any of the titles comprising the BPML Mineral Rights.

In addition, IAMGOLD received a 3.0% net smelter return royalty on the titles comprising the BPML Mineral Rights. Lavras Gold may, at any time, elect to purchase from IAMGOLD 1.0% of the royalty by paying to IAMGOLD the amount of US\$1,000,000.

As additional consideration, US\$50,000 is payable by Lavras Gold to BPML in each of the following events:

- (i) the requests for assignment of the mineral rights are not lodged with the ANM within one year from the execution of the agreement;
- (ii) the assignment of the mineral rights is not annotated by the ANM within one year from the date the requests for assignments are lodged with the ANM.

The IAMGOLD Purchase Agreement provides that the completion of the assignment and transfer of the BPML Mineral Rights will occur after all necessary authorizations and consents are obtained by Lavras Gold, including as required under the Border Law.

### *LDSM Mineral Rights*

LDSM has a 100% interest in three mineral rights over approximately 2,267 hectares.

## 6. Mara Rosa Royalty

Under the Arrangement disclosed in Note 1, on April 1, 2022, Lavras Gold acquired a 2% net smelter return royalty (the Mara Rosa Royalty) over certain of Amarillo's exploration properties located outside of the current Posse resource and mine plan at Amarillo's Mara Rosa property in the state of Goiás, Brazil. Lavras Gold recorded \$150,000 as consideration for the Mara Rosa Royalty.

The following table provides the continuity of this investment:

	September 30, 2022	As at December 31, 2021
	\$	\$
Balance, beginning of year	–	–
Acquisition of royalty on Mara Rosa property	150,000	–
Balance, end of period/year	150,000	–

## 7. Capital stock

### A) AUTHORIZED

Unlimited number of common shares.

### B) ISSUED

	Notes	Shares #	Amount \$
Issued at incorporation on November 25, 2021	(i)	1	1
Balance, December 31, 2021		1	1
Issued under the Arrangement	(ii)	411,038,694	16,852,585
Share consolidation at 10:1	(iii)	(369,934,826)	–
Balance, September 30, 2022		41,103,869	16,852,586

- (i) Lavras Gold was incorporated on November 25, 2021 and issued one incorporation share.
- (ii) Lavras Gold issued 411,038,694 common shares on April 1, 2022, to the former shareholders of Amarillo for the LDS Project net assets.
- (iii) On June 7, 2022, Lavras Gold consolidated its issued and outstanding common shares based on 10 pre-consolidation common shares for one post-consolidation common share resulting in 41,103,869 post-consolidation common shares.

## C) STOCK OPTIONS

We have a stock option plan (the Plan) for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of Lavras Gold.

Options are granted for a five year term and vest at the discretion of the Board when granted to directors, senior officers, employees, and consultants (other than those performing investor relations).

Options granted to consultants performing investor relations activities vest over a minimum period of 12 months.

	Options #	Weighted average exercise price \$
Balance, December 31, 2021	–	–
Granted	2,407,500	0.44
Exercised	–	–
Expired	–	–
Balance, September 30, 2022	2,407,500	0.44

Details of the stock options outstanding and exercisable are as follows:

Number of options	Exercisable at September 30, 2022 #	Exercise price \$	Fair value at date of grant \$	Remaining contractual life years
1,500,000	825,000	0.50	499,500	4.55
907,500	226,875	0.35	239,762	4.82
2,407,500	1,051,875	0.44	739,262	4.65

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model using the following estimates:

	September 30, 2022	December 31, 2021
Weighted average fair value per options (\$)	0.31	–
Weighted average risk-free interest rate (%)	2.71	–
Expected life (years)	5.0	–
Weighted average expected volatility (%)	100	–
Expected rate of forfeiture	nil	–
Expected dividend yield	nil	–

## 8. Net loss per common share

The calculation of basic and diluted loss per share for the three months and nine months ended September 30, 2022, was based on the loss attributable to common shareholders of \$622,832 and \$1,413,631, respectively, divided by the weighted average number of common shares outstanding of 41,103,869 for both periods.

## 9. Related party transactions

During the three and nine months ended September 30, 2022, and 2021, Lavras Gold incurred charges with directors, officers, and a company with common directors as follows. These transactions were in the normal course of business and are measured at amounts representing normal commercial terms:

	Three months ended September		Nine months ended September	
	30, 2022	30, 2021	30, 2022	30, 2021
	\$	\$	\$	\$
Salaries paid to officers	77,500	–	155,000	–
Directors' fees	43,750	–	96,250	–
Aeromagnetic survey (capitalized)	122,373	–	296,604	–
Consulting fees	30,000	–	60,000	–
	273,623	–	607,854	–

Accounts payables and accrued liabilities include \$45,250 accrued directors' fees.

## 10. General and administrative expenses

General and administrative expenses consist of the following:

	Three months ended September		Nine months ended September	
	30, 2022	30, 2021	30, 2022	30, 2021
	\$	\$	\$	\$
Consulting fees	144,647	–	250,417	–
Professional fees	64,894	–	148,413	–
Salaries and benefits	103,294	–	223,382	–
Directors' fees	43,750	–	96,250	–
Marketing and promotion	41,383	–	140,020	–
Filing and transfer agent fees	13,922	–	26,888	–
Travel	–	–	4,392	–
Other general and administrative	34,082	–	57,324	–
	445,972	–	947,086	–

## 11. Segmented information

We operate in one reportable operating segment – mineral exploration. Our resource properties are in Brazil and our corporate assets are in Canada. We are in the exploration stage and, accordingly, have no reportable segment revenues.

Total assets by geographic region are as follows:

	Canada	Brazil	Total
	\$	\$	\$
September 30, 2022			
Current assets	6,271,871	433,415	6,705,286
Exploration and evaluation properties	–	9,390,586	9,390,586
Mara Rosa Royalty	150,000	–	150,000
Other assets	–	68,912	68,912
	6,421,871	9,892,913	16,314,784
December 31, 2021			
Current assets	1	–	1
	1	–	1

## 12. Authorization

These unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022, were reviewed and adopted by our Audit Committee and Board of Directors on November 7, 2022. They were subsequently certified by our Chief Executive Officer and Chief Financial Officer.