



**MONETA GOLD INC.**

Interim Condensed Consolidated Financial Statements

For the three and nine-months ended September 30, 2023 and 2022  
(Unaudited)



**MONETA GOLD INC.**

Interim Condensed Consolidated Statements of Financial Position

As at	Notes	(Unaudited) September 30 2023	(Audited) December 31 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and equivalents		18,469,792	8,338,170
Prepaid expenses		184,210	125,456
Receivables		23,799	42,488
Sales taxes recoverable		504,781	571,385
Interest receivable		89,502	35,981
<b>Total current assets</b>		<b>19,272,084</b>	<b>9,113,480</b>
<b>Non-Current</b>			
Reclamation deposits	5	192,064	192,064
Property, plant and equipment	6	891,986	903,428
Exploration and evaluation assets	7	55,159,138	54,438,737
<b>Total non-current assets</b>		<b>56,243,188</b>	<b>55,534,229</b>
<b>TOTAL ASSETS</b>		<b>75,515,272</b>	<b>64,647,709</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	14	4,168,997	2,999,448
Deferred premium on flow-through shares	9	6,102,096	4,530,000
Loan payable	15	60,000	60,000
<b>Total current liabilities</b>		<b>10,331,093</b>	<b>7,589,448</b>
<b>Non-current</b>			
Asset retirement obligation	8	852,082	832,201
Deferred tax liability	10	691,000	691,000
<b>Total non-current liabilities</b>		<b>1,543,082</b>	<b>1,523,201</b>
<b>TOTAL LIABILITIES</b>		<b>11,874,175</b>	<b>9,112,649</b>
<b>SHAREHOLDER'S EQUITY</b>			
Capital stock	9	162,874,146	144,140,220
Contributed surplus		10,671,894	9,427,271
Accumulated Deficit		(109,904,943)	(98,032,431)
<b>Total shareholders' equity</b>		<b>63,641,097</b>	<b>55,535,060</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>75,515,272</b>	<b>64,647,709</b>

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

Going concern

1

Contingent liabilities

12



**MONETA GOLD INC.**

Interim Condensed Consolidated Statements of Changes In Shareholders' Equity

	Notes	Capital Stock <sup>9</sup>			Shareholders' Equity	
		Shares	\$	Contributed Surplus		Deficit
<b>Balance as at December 31, 2022</b>		<b>102,737,468</b>	<b>144,140,220</b>	<b>9,427,271</b>	<b>(98,032,431)</b>	<b>55,535,060</b>
Share issuance on private placement financing	9	18,775,900	26,004,550			26,004,550
Deferred premium on flow through shares	3, 9		(6,102,096)			(6,102,096)
Share issuance costs	9		(1,728,528)			(1,728,528)
Acquisition of mineral claims and other issuances	9, 14	510,959	560,000			560,000
Share based compensation on vested options	9			1,244,623		1,244,623
Loss and comprehensive loss					(11,872,512)	(11,872,512)
<b>Balance as at September 30, 2023 (Unaudited)</b>		<b>122,024,327</b>	<b>162,874,146</b>	<b>10,671,894</b>	<b>(109,904,943)</b>	<b>63,641,097</b>
<b>Balance as at December 31, 2021</b>		94,691,611	132,863,358	8,113,483	(79,238,412)	61,738,429
Share issuance on private placement financing	9	6,608,000	15,400,160			15,400,160
Fair value of broker compensation warrants	9		(286,826)	286,826		-
Deferred premium on flow through shares	3, 9		(4,530,000)			(4,530,000)
Share issuance costs - cash	9		(1,151,863)			(1,151,863)
Share issuance on exercise of stock options	9, 11	783,128	714,484			714,484
Fair value of stock options exercised	9		283,443	(283,443)		-
Share issuance on exercise of warrants	9	333,698	420,459			420,459
Fair value of warrants exercised	9		117,347	(117,347)		-
Share based compensation on vested options	9			1,066,144		1,066,144
Loss and comprehensive loss					(12,819,132)	(12,819,132)
<b>Balance as at September 30, 2022 (Unaudited)</b>		<b>102,416,437</b>	<b>143,830,562</b>	<b>9,065,663</b>	<b>(92,057,544)</b>	<b>60,838,681</b>

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



**MONETA GOLD INC.**

Interim Condensed Consolidated Statements of Net Loss & Comprehensive Loss

	Notes	Three months		Nine months	
		2023	2022	2023	2022
For the period ended September 30,		Unaudited			
		\$	\$	\$	\$
<b>OPERATING EXPENSES</b>					
Exploration and evaluation expenditures	7	6,329,633	4,388,080	12,917,663	13,971,966
Legal, audit & investment advisory		105,025	80,441	357,605	249,559
General & administration		488,540	914,677	1,356,470	1,555,346
Share based compensation	9, 11	572,847	408,624	1,244,623	1,066,144
Wages and benefits	11	171,703	210,567	1,129,250	434,989
<b>Loss from operational activities</b>		<b>7,667,748</b>	<b>6,002,389</b>	<b>17,005,611</b>	<b>17,278,004</b>
<b>OTHER ITEMS</b>					
Other income		(24,944)	(35,366)	(69,548)	(93,435)
Interest income		(295,223)	(71,561)	(533,551)	(116,807)
Unrealized loss on investments		-	5,730	-	12,270
<b>Loss before income taxes</b>		<b>7,347,581</b>	<b>5,901,192</b>	<b>16,402,512</b>	<b>17,080,032</b>
Deferred income tax recovery	10	-	-	(4,530,000)	(4,260,900)
<b>Net loss and comprehensive loss for the period</b>		<b>7,347,581</b>	<b>5,901,192</b>	<b>11,872,512</b>	<b>12,819,132</b>
<b>Deficit - beginning of period</b>		<b>102,557,362</b>	<b>86,156,352</b>	<b>98,032,431</b>	<b>79,238,412</b>
<b>Deficit - end of period</b>		<b>109,904,943</b>	<b>92,057,544</b>	<b>109,904,943</b>	<b>92,057,544</b>
<b>Basic and diluted loss per share (in dollars)</b>	9	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.11</b>	<b>\$0.13</b>
<b>Weighted average outstanding shares</b>	9	<b>122,024,327</b>	<b>98,688,989</b>	<b>112,306,269</b>	<b>96,179,773</b>

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



**MONETA GOLD INC.**

Interim Condensed Consolidated Statements of Cash Flows

For the period ending September 30,	Notes	Nine months Unaudited 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Net (loss) and (comprehensive loss) for the period		(11,872,512)	(12,819,132)
Adjustments for non-cash items			
Share based compensation	9	1,244,623	1,066,144
Accretion	8	19,881	8,520
Depreciation		78,982	34,757
Deferred premium on flow-through shares	3, 9, 10	(4,530,000)	(4,260,900)
Unrealized loss		-	12,270
<b>Operating cash flows before movements in working capital</b>		<b>(15,059,026)</b>	<b>(15,958,341)</b>
Changes in non-cash working capital items:			
Decrease (increase) in prepaid expenditures		(58,754)	(103,800)
Increase (decrease) in accounts and other receivables		31,772	(973,122)
Decrease (increase) in accounts payable and accrued liabilities		1,169,549	3,118,197
<b>Total cash used in operating activities</b>		<b>(13,916,459)</b>	<b>(13,917,066)</b>
<b>Investing activities</b>			
Acquisition of property, plant, equipment	6	(67,540)	(79,659)
Exploration and evaluation assets <sup>(1)</sup>	7	(160,401)	(278,522)
<b>Total cash used in investing activities</b>		<b>(227,941)</b>	<b>(358,181)</b>
<b>Financing activities</b>			
Proceeds from private placement, net of issue costs <sup>(2)</sup>	9	24,276,022	14,248,297
Exercise of stock options	9, 11	-	714,484
Exercise of warrants	9	-	420,459
<b>Cash provided from financing activities</b>		<b>24,276,022</b>	<b>15,383,240</b>
<b>Net increase (decrease) in cash and equivalents</b>		<b>10,131,622</b>	<b>1,107,993</b>
Cash and equivalents, beginning of year		8,338,170	13,300,621
<b>Cash and equivalents, end of period</b>		<b>18,469,792</b>	<b>14,408,614</b>

<sup>(1)</sup> On June 7, 2023 Moneta acquired property surrounding Moneta's existing Loveland property. This property was acquired for total consideration of \$660,000 consisting of \$100,000 cash and \$560,000 in shares.

<sup>(2)</sup> A non-cash deferred premium on flow-through share's liability of \$6,102,096 was reported representing the premiums of \$0.44 received over the hard dollar share price of \$1.06 on the shares issued on a flow-through basis.

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

## 1. Nature of operations and going concern

### Nature of operations

Moneta Gold Inc. (“Moneta” or the “Company”) is a public company listed on the Toronto Stock Exchange (TSX: ME) (OTCQX: MEAUF) (FSE: MOPA) and incorporated under the laws of the Province of Ontario on October 14, 1910. Moneta is a mineral resource exploration and development company actively exploring for gold on its land package in the Timmins Camp in Timmins, Ontario (Canada). The Company’s registered office is 65 Third Avenue, Timmins, Ontario, P4N 1C2. Moneta, a former gold producer, is currently an exploration stage company and has no properties in current production and no production revenues at the present time.

On January 1, 2023, Northern Gold Mining Inc., a 100% wholly owned subsidiary of Moneta, amalgamated with Moneta Gold Inc. The name of the amalgamated corporation is Moneta Gold Inc. The articles and by-laws of the amalgamated corporation are the same as Moneta Gold Inc. No securities were issued, and no assets were distributed by the amalgamated corporation in connection with the amalgamation.

### Going concern

These unaudited interim condensed consolidated financial statements (the “interim financial statements”), including comparatives, have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from October 1, 2023. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is material uncertainty that may raise significant doubt as to the Company’s ability to continue as going concern. There is no assurance that the Company’s funding initiatives will continue to be successful, and these interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

## 2. Basis of Preparation

### Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These financial statements follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2022. These interim condensed consolidated financial statements should be read in conjunction with the 2022 audited annual consolidated financial statements and the notes thereto. The Company operates in one segment defined as the cash generating unit which is Canada. These interim condensed consolidated financial statements were approved by the Board of Directors of the Company November 9, 2023.

## 3. Significant accounting policies

Certain pronouncements issued by the IASB, or the International Financial Reporting Interpretations Committee are mandatory for accounting years beginning on or after January 1, 2023. These pronouncements are not applicable or do not have a significant impact on the Company.

For the period ended June 30, 2023, the Company issued Deferred share units (DSUs) for the first time. The principal accounting relating policy for DSUs is outlined below.

DSUs represent an entitlement to one common share of the Company. Upon vesting, the fair value of DSUs granted is recognized as an expense over the vesting period. The expense is calculated using the accelerated vesting method with a corresponding increase in contributed surplus.

#### **4. Key sources of estimation uncertainty and judgement**

In preparing the Company's interim financial statements for the three month and nine months ended September 30, 2023, the Company applied the material accounting policy information and critical accounting estimates and judgments disclosed in Notes 3 and 4 of its consolidated financial statements for the year ended December 31, 2022.

Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors considered relevant, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the areas involving estimates made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the interim condensed consolidated financial statements.

##### **a) Share based payments**

Management measures the fair value of granted stock options using the Black-Scholes option valuation model. The fair value of stock options using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions which include volatility, interest rates and expected life of the options.

Management measures the fair value of RSUs and DSUs based on the market price of Moneta's shares.

##### **b) Exploration and evaluation expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale of the property, or where exploration activities are not adequately advanced to support a gold resource assessment. The determination is an estimation process that requires varying degrees of uncertainty and these estimates directly impact the deferral of exploration and evaluation expenditures.

##### **c) Impairment of long-lived assets**

The carrying amounts of property, plant & equipment and exploration and evaluation assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on the basis of cash-generating units. The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, future capital requirements, resource estimates, and exploration potential. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets.

##### **d) Decommissioning and restoration provision**

The Company records the fair value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the period in which it is incurred and when a reasonable estimate of fair value can be made. For properties that have already been extinguished, the incremental amount of the increase in fair value of the revised liability is immediately charged to the Statement of Loss and Comprehensive Loss. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life and records the accretion of the liability as a charge to the statements of Loss & Comprehensive Loss.

##### **e) Contingent liabilities**

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

## 5. Reclamation deposits

The Company has cash and bond reclamation deposits of \$192,064 (December 31, 2022 - \$192,064) and \$407,428 (December 31, 2022 - \$407,428) respectively with the Ministry of Northern Development and Mines as financial guarantees covering the cost of mine reclamation related to the Company's acquisition of Northern Gold Mining Inc. and the historical Moneta mine and tailings.

## 6. Property, plant, and equipment

The following table summarizes information regarding the Company's property, plant, and equipment as at September 30, 2023:

September 30, 2023										
Class	Amortization period	Cost (\$)				Accumulated depreciation (\$)				(\$)
		Opening balance	Additions / transfers	Write-off / disposals	Closing balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value
<b>Vehicles</b>	5 years	220,207	67,540	-	287,747	29,703	33,964	-	63,667	224,080
<b>Building</b>	20 years	567,000	-	-	567,000	40,163	21,263	-	61,426	505,574
<b>Fabric Building</b>	5 years	158,365	-	-	158,365	5,278	23,755	-	29,033	129,332
<b>Land</b>	Not amortized	33,000	-	-	33,000	-	-	-	-	33,000
<b>Total</b>		<b>978,572</b>	<b>67,540</b>	<b>-</b>	<b>1,046,112</b>	<b>75,144</b>	<b>78,982</b>	<b>-</b>	<b>154,126</b>	<b>891,986</b>

December 31, 2022										
Class	Amortization period	Cost (\$)				Accumulated depreciation (\$)				(\$)
		Opening balance	Additions / transfers	Write-off / disposals	Closing balance	Opening balance	Depreciation	Write-off / disposals	Closing balance	Net book value
<b>Vehicles</b>	5 years	49,755	170,452	-	220,207	5,805	23,898	-	29,703	190,504
<b>Building</b>	20 years	567,000	-	-	567,000	11,813	28,350	-	40,163	526,837
<b>Fabric Building</b>	5 years	-	158,365	-	158,365	-	5,278	-	5,278	153,087
<b>Land</b>	Not amortized	33,000	-	-	33,000	-	-	-	-	33,000
<b>Total</b>		<b>649,755</b>	<b>328,817</b>	<b>-</b>	<b>978,572</b>	<b>17,618</b>	<b>57,526</b>	<b>-</b>	<b>75,144</b>	<b>903,428</b>

**7. Exploration and evaluation assets**

For the three and nine months ended September 30, 2023, and December 31, 2022, the Company's exploration and evaluation additions were as follows:

	Nine months ended September 30, 2023	Year ended December 31, 2022
	\$	\$
Acquisition costs		
Balance, beginning of year	54,438,737	54,066,923
Acquisition costs, net	720,401	371,814
Balance, end of year	55,159,138	54,438,737

Acquisition costs	December 31, 2022	Additions	September 30, 2023
	\$	\$	\$
Garrison	51,888,876	4,517	51,893,393
Golden Highway	1,743,577	1,949	1,745,526
North Tisdale	183,288	22,059	205,347
Kayorum	132,877	3,010	135,887
Buffonta <sup>(1)</sup>	203,451	1,424	204,875
Pike <sup>(2)</sup>	50,395	1,173	51,568
Nighthawk Lake	20,013	14,555	34,568
Denton Thornehoe and other <sup>(3)</sup>	216,260	671,714	887,974
	54,438,737	720,401	55,159,138

Acquisition costs	December 31, 2021	Additions	December 31, 2022
	\$	\$	\$
Garrison	51,881,568	7,308	51,888,876
Golden Highway	1,727,766	15,811	1,743,577
North Tisdale	157,978	25,310	183,288
Kayorum	131,634	1,243	132,877
Buffonta <sup>(1)</sup>	40,326	163,125	203,451
Pike <sup>(2)</sup>	-	50,395	50,395
Nighthawk Lake	19,624	389	20,013
Denton Thornehoe and other	108,028	108,232	216,260
	54,066,924	371,813	54,438,737

<sup>(1)</sup> On February 24, 2021, Moneta acquired all the shares of Northern Gold Mining Inc., owner of the Buffonta property. In Q2 2022 the final option payment of \$160,000 was made to acquire the property near the Buffonta property.

<sup>(2)</sup> On February 24, 2021, Moneta acquired all the shares of Northern Gold Mining Inc., owner of the Pike property. A \$25,000 option payment to eventually acquire property near the Pike property was paid during Q1 2022.

<sup>(3)</sup> On June 7, 2023, Moneta acquired property surrounding Moneta’s existing Loveland property. This property was acquired for a total consideration of \$660,000 consisting of \$100,000 cash and \$560,000 in shares.

There were no property disposals and no indications of impairment of exploration and evaluation assets during the third quarter ending September 30, 2023 (December 31, 2022: \$Nil). Capitalized acquisition costs totaled \$55,159,138 at September 30, 2023 (December 31, 2022: \$54,438,737). Exploration and evaluation expenditures for the nine months ended September 30, 2023, of \$12,917,663 (September 30, 2022: \$13,971,966), were charged to the Statement of Loss and Comprehensive Loss. Exploration expenditures were incurred primarily for resource drilling activities, assaying, and associated surveys as well as core logging and processing.

**8. Asset retirement obligation**

The Company’s asset retirement obligation is estimated based on the Company’s site remediation and restoration plan and the estimated timing of the costs to be paid in future years. The total undiscounted amount of cash flows required to settle the Company’s asset retirement obligation is approximately \$763,696.

Present value as of January 1, 2022	<u>\$805,694</u>
Accretion	\$26,507
Present value as of December 31, 2022	<u>\$832,201</u>
Accretion	\$19,881
Present value as of September 30, 2023	<u>\$852,082</u>
Total undiscounted value of payments	\$763,696 (Dec 2022 – \$763,696)
Weighted average discount rate	3.29% (Dec 2022 – 3.29%)
Weighted average expected life	5 years (Dec 2022 – 5 years)
Inflation rate	4.36% (Dec 2022 – 4.36%)

**9. Authorized Share Capital**

The Company is authorized to issue an unlimited number of Class A Preferred shares, Class B Preferred shares, Common shares, and Non-voting shares. Class A Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Class B Preferred shares, Common shares and Non-voting shares. Class B Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Common shares and Non-voting shares. The Non-voting shares shall rank equally with Common shares in all respects except that the holders are not entitled to vote at shareholder meetings.

The Corporation incurred net losses for each of the years ended December 31, 2022 and 2021, and for the period ending Q3 2023, therefore all outstanding, stock options, warrants, RSUs, and DSUs that could potentially dilute basic earnings per share in the future, have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive.

**Share Capital transactions**

One June 7, 2023, Moneta acquired property surrounding Moneta’s existing Loveland property for total consideration of \$660,000 consisting of \$100,000 cash and \$560,000 in shares.

On May 17, 2023, Moneta issued 4,907,500 common shares at \$1.06 per share (“Hard Dollar Shares”) and 13,868,400 common shares at \$1.50 issued on a flow-through basis (“Flow Through Shares”) for aggregate gross proceeds of \$26,004,550. Cash compensation paid to brokers and the related legal fees for the financing completed in May 2023 amounted to \$1,728,528. Net proceeds from the Bought Deal Offering were \$24,276,022.

A non-cash deferred premium on flow-through share’s liability of \$6,102,096 was reported representing the premiums of \$0.44 received over the hard dollar share price of \$1.06 on the shares issued on a flow-through basis.

In Q1 2022, the non-cash deferred premium on flow-through shares liability of \$4,260,900 from the February 2021 financing was transferred from the statement of financial position to a deferred tax credit on the Statement of Loss and Comprehensive Loss when the flow through expenditures were renounced, in the normal course.

In Q1 2022, 289,713 stock options were exercised by a past director, a current director and an officer at exercise prices ranging from \$0.66 to \$1.72 per share. The initial fair value of \$106,003, previously charged to contributed surplus, was transferred to capital stock.

In Q2 2022, 35,083 stock options were exercised by a long-time employee at an average exercise price of \$0.66. The initial fair value of \$6,973, previously charged to contributed surplus, was transferred to capital stock.

In Q2 2022, 167,047 broker warrants were exercised at an average exercised price of \$1.26 for proceeds of \$210,479. The initial fair value of \$58,743, previously charged to capital stock was reversed to contributed surplus.

### Share Options

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, employees, and consultants to acquire common shares of the Company. The maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Options granted have a maximum term of five years and vest immediately or over time at the discretion of the Board.

On June 2, 2022, the Company adopted a new Share Incentive Plan consisting of stock options (“Options”), restricted share units (“RSUs”), deferred share units (“DSUs”) and performance share units (“PSUs”). Each award is subject to the terms and conditions set forth in the Share Incentive Plan and to those other terms and conditions specified by the Board or the Compensation and Nominating Committee. Up to 10% of the Shares issued and outstanding from time to time (including Shares issued under any other security-based compensation arrangement of the Company) may be issued pursuant to awards under the Share Incentive Plan. Options granted have a maximum term of ten years and vest immediately or over time at the discretion of the Board.

The following table summarizes the outstanding options:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Weighted Average Exercise Price	# Options	Weighted Average Exercise Price	# Options
	Outstanding, beginning of year	\$1.83	2,864,140	\$1.18
Transactions during the year:				
Granted <sup>(1)</sup>	1.17	655,220	2.23	1,462,484
Options exercised <sup>(2)</sup>	-	-	0.85	(1,116,459)
Expired <sup>(3)</sup>	1.77	(249,583)	2.04	(66,672)
Outstanding, end of period	\$1.70	3,269,777	\$1.83	2,864,140
Weighted average remaining contractual life (years)	2.90		3.60	
Exercisable, end of period	\$1.76	2,667,873	\$1.73	2,168,999

<sup>(1)</sup> In Q2 2023, the Company granted 530,220 stock options to officers, management, staff, and advisors at an exercise price of \$1.11. The estimated fair value, with terms of five years and vesting quarterly over two years was \$349,769 using the Black Scholes valuation model. The grant date fair value of the options is \$0.66 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 3.41%, term: 5 years, expected volatility: 69.78%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

In Q1 2023, the Company granted 125,000 stock options to a new officer at an exercise price of \$1.43. The estimated fair value, with terms of five years and vesting quarterly over two years was \$106,942 using the Black Scholes valuation model. The grant date fair value of the options is \$0.86 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 3.45%, term: 5 years, expected volatility: 69.2%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

In Q4 2022, the Company granted 66,666 stock options to a new director with an exercise price of \$1.65. The estimated fair value, with terms of five years and vesting over two years was \$65,766. using the Black Scholes valuation model. The grant date fair value of the options is \$0.99 per stock option. The underlying assumptions used in the estimation of the fair values are as follows: risk free rate: 3.06%, term: 5 years, expected volatility: 70%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

In Q3 2022, the Company granted 60,000 stock options to certain employees with an exercise price of \$1.90. The estimated fair value, with terms of five years and vesting over two years was \$67,986 using the Black Scholes valuation model. The grant date fair value of the options is \$1.13 per stock option. The underlying assumptions used in the estimation of the fair values are as follows: risk free rate: 3.33%, term: 5 years, expected volatility: 69%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

In Q2 2022, the Company granted 376,666 stock options to new officers and director and certain employees with exercise prices ranging from \$1.86 to \$2.37. The estimated fair value, with terms of five years and vesting over two years was \$456,477 using the Black Scholes valuation model. The grant date fair value of the options ranged from \$1.04 to \$1.35 per stock option. The underlying assumptions used in the estimation of the fair values are as follows: risk free rate: 2.76% to 3.24%, term: 5 years, expected volatility: 68.4% to 68.6%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

In Q1 2022, the Company granted 959,152 stock options to directors, officers, and certain employees at an average exercise price of \$2.33. The estimated fair value, with terms of five years and vesting quarterly over two years was \$1,281,630 using the Black Scholes valuation model. The grant date fair value of the options is \$1.34 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 2.01%, term: 5 years, expected volatility: 67.8%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

(2) In Q4 2022, 324,998 stock options were exercised by an officer and current and previous directors at exercise prices ranging from \$0.66 to \$0.90 per share. The initial fair value of \$92,668 previously charged to contributed surplus, was transferred to capital stock.

In Q4 2022, 8,333 stock options were exercised by an employee at an average exercise price of \$0.90. The initial fair value of \$3,615, previously charged to contributed surplus, was transferred to capital.

In Q3 2022, 391,666 stock options were exercised by an officer and a director at exercise prices ranging from \$0.78 to \$1.08 per share. The initial fair value of \$140,971, previously charged to contributed surplus, was transferred to capital stock.

In Q3 2022, 66,666 stock options were exercised by employees at exercise prices ranging from \$0.60 to \$0.90 per share. The initial fair value of \$29,495, previously charged to contributed surplus, was transferred to capital.

In Q2 2022, 35,083 stock options were exercised by a long-time employee at an average exercise price of \$0.66. The initial fair value of \$6,973, previously charged to contributed surplus, was transferred to capital stock.

In Q1 2022, 289,713 stock options were exercised by a past director, director and an officer at exercise prices ranging from \$0.66 to \$1.72 per share. The initial fair value of \$106,003, previously charged to contributed surplus, was transferred to capital stock. In Q2 2023, 110,583 stock options at an average exercise price of \$1.41 expired unexercised.

(3) In Q2 2023, 110,583 stock options at an average exercise price of \$1.41 expired unexercised.

In Q1 2023, 60,000 stock options at an average exercise price of \$1.82 expired unexercised.

In Q4 2022, 66,669 stock options at an average exercise price of \$1.17 expired unexercised.

In Q3 2022, 1 stock option at an average exercise price of \$1.02 expired unexercised.

In Q2 2022, 1 stock option at an average exercise price of \$0.60 expired unexercised.

In Q1 2022, 1 stock option at an average exercise price of \$0.78 expired unexercised.

Compensation expense for the three and nine-months ended September 30, 2023, related to the vesting of options was \$360,120 and \$746,092 respectively (three and nine-months ended September 30, 2022 - \$408,624 and \$1,066,144 respectively) and was recorded as share-based payments in the Statement of Loss and Comprehensive Loss.

**Warrants**

	Exercise Price	Expiry Date	Nine months ended September 30, 2023 #	Year ended December 31, 2022 #
Outstanding, beginning of year			936,767	873,985
Issued during the year				
Broker Warrants <sup>(1)</sup>	\$2.00	August 2024		396,480
Warrants issued during year			-	396,480
Broker Warrants <sup>(2)</sup>	\$1.26	July 2022		333,698
Warrants exercised during year			-	333,698
Broker Warrants <sup>(3)</sup>	\$1.92	February 2023	173,437	
Broker Warrants <sup>(4)</sup>	\$2.76	February 2023	366,850	
Warrants expired during year			540,287	-
Outstanding, end of period			396,480	936,767

- (1) In August 2022, 396,480 broker compensation warrants, exercisable at 2.00 and expiring in August 2024, were issued in connection with the financing completed in the same period.
- (2) In June 2022, 167,047 broker compensation warrants were exercised at \$1.26 for proceeds of \$210,479. In July 2022, 166,651 broker compensation warrants were exercised at \$1.26 for proceeds of \$209,980.
- (3) 173,437 broker compensation warrants, exercisable at \$1.92 and issued in connection with the equity financing completed in February 2021, expired in February 2023.
- (4) 366,850 broker compensation warrants, exercisable at \$2.76 and issued in connection with the financing completed in February 2021, expired in February 2023.

**Restricted Share Units**

During the three and nine-month period ending September 30, 2023, the Company granted \$nil and 1,040,993 RSUs respectively (year ended December 31, 2022 – 240,000) to officers and directors of the Company under the terms of the Company's Share Incentive Plan. One-third of the RSUs granted shall vest on June 30 in each of the first, second and third calendar years immediately following the year in which the RSU was granted. An RSU granted under the Share Incentive Plan must be settled on or before December 15th of the third calendar year following the calendar year in which the RSU is granted.

During the three and nine-month period ending September 30, 2023, \$nil and 134,545 RSUs vested respectively (year-ended December 31, 2022, \$nil). During the three and nine-month period ending September 30, 2023, and for the year-ended December 31, 2022, \$nil were reclassified to share capital.

Compensation expense for the three and nine-months ended September 30, 2023, related to the vesting of RSUs was \$212,727 and \$438,534 respectively (three and nine-months ended September 30, 2022 - \$nil and \$nil respectively) and was recorded as share-based payments in the Statement of Loss and Comprehensive Loss.

	RSUs Outstanding
Balance, December 31, 2021	-
Granted	240,000
Vested	-
Balance, December 31, 2022	240,000
Granted	1,040,993
Vested	(134,545)
Balance, June 30, 2023	1,146,448

**Deferred Share Units (DSU)**

During the three and nine-month period ending September 30, 2023, the Company granted \$nil and 54,545 DSUs respectively (year ended December 31, 2022 – \$nil) to a director of the Company under the terms of the Company’s Share Incentive Plan.

DSUs granted pursuant to this Plan to Independent Directors shall vest on the last day of the Fiscal Year for which they are granted. DSUs granted to Participants other than Independent Directors, pursuant to this Plan shall vest to the extent of one-third thereof on each of the first, second and third anniversaries following the year in which the Date of Grant falls, provided that such Participant continues to be employed by the Corporation.

DSUs will be settled by the Corporation as soon as practicable following the death, Retirement, or loss of office or directorship, or employment of the Participant with the Corporation and/or each of its Affiliates terminates and, in any event, no later than the end of the first calendar year following the year in which such death, Retirement or loss of office, directorship or employment occurs.

During the three and nine-month period ending September 30, 2023, Nil and 54,545 DSUs vested respectively (year-ended December 31, 2022, \$nil). During the three and nine-month period ending September 30, 2023, and for the year-ended December 31, 2022, \$nil were reclassified to share capital. These DSUs vested immediately as a Board Resolution provided for immediate vesting as a Director did not stand for reelection at the 2023 annual general meeting of the Company.

Compensation expense for the three and nine-months ended ending September 30, 2023, related to the vesting of DSUs was \$nil and \$60,000 respectively (September 30, 2022 - \$nil) and was recorded as share-based payments in the Statement of Loss and Comprehensive Loss. These DSUs vested immediately as a Board Resolution provided for immediate vesting as a Director did not stand for reelection at the 2023 annual general meeting of the Company.

	DSUs Outstanding
Balance, December 31, 2022	-
Granted	54,545
Vested	(54,545)
Balance, September 30, 2023	-

**10. Income taxes**

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rates for the period ended September 30, 2023, (26.5%) and year end December 31, 2022 (26.5%), has been reconciled as follows:

The Company's deferred tax assets and liabilities are comprised of the following:

	Nine months ended September 30, 2023 \$	Nine months ended September 30, 2022 \$
Income tax recovery at statutory rates	4,346,666	4,526,208
Increase (decrease) related to:		
Flow-through expenditures	(3,423,181)	(3,702,571)
Shared based compensation	(329,825)	(282,528)
Other	191,628	133,999
	785,288	675,108
Deferred tax asset not recognized	(785,288)	(675,108)
Deferred premium on flow through shares	(4,530,000)	(4,260,900)
Deferred tax	(4,530,000)	(4,260,900)

	Nine months ended September 30, 2023 \$	Year ended December 31, 2022 \$
Deferred tax assets:		
Net operating loss carry forwards	8,384,203	7,651,203
Net capital loss carry forwards	527,000	527,000
Resource deductions	4,342,202	4,533,202
Investment tax credits	1,577,176	1,577,176
Deferred mining taxes	183,115	183,115
Asset retirement obligations	225,802	220,533
Other	1,299,468	888,087
<b>Subtotal</b>	<b>16,538,966</b>	<b>15,580,316</b>
Deferred tax liabilities		
Deferred mining tax liability on E&E	(691,000)	(691,000)
<b>Subtotal</b>	<b>(691,000)</b>	<b>(691,000)</b>
Less: Deferred tax asset not recognized	(16,538,966)	(15,580,316)
<b>Deferred tax liability</b>	<b>(691,000)</b>	<b>(691,000)</b>

The Company believes it is not probable that the deferred tax assets will be realized in the foreseeable future and no Deferred Tax Asset has been recognized. As at September 30, 2023 the Company has a deferred tax liability on exploration and evaluation assets of \$691,000 (December 31, 2022: \$691,000).

The Company and its subsidiaries have non-capital losses of \$31,737,000 (December 31, 2022: \$28,873,000) available for deduction against future taxable income, which if not utilized will expire between the years of 2026 and 2043.

The potential tax benefit of the above losses has not been recognized in these financial statements. The Company has \$3,977,358 (December 31, 2022: \$3,977,358) in capital losses available to apply against future capital gains.

Year of expiry	Nine months ended	Year ended
	September 30, 2023	December 31, 2022
	\$	\$
2026	403,000	403,000
2027	929,000	929,000
2028	1,213,000	1,213,000
2029	1,214,000	1,214,000
2030	1,441,000	1,441,000
2031	3,100,000	3,100,000
2032	5,643,000	5,643,000
2033	2,651,000	2,651,000
2034	2,122,000	2,122,000
2035	1,381,000	1,381,000
2036	527,000	527,000
2037	446,000	446,000
2038	473,000	473,000
2039	400,000	400,000
2040	1,279,000	1,279,000
2041	2,464,000	2,464,000
2042	3,187,000	3,187,000
2043	2,864,000	-
	<b>31,737,000</b>	<b>28,873,000</b>

#### 11. Related party transactions

	2023		2022	
	3 Months	9 Months	3 Months	9 Months
Salaries & Benefits	\$ 331,250	\$ 1,562,811	\$ 297,500	\$ 866,478
Director Fees	\$ 77,500	\$ 241,667	\$ 77,500	\$ 232,500

There were no loans to directors or officers during the period ending September 30, 2023 (December 31, 2022: \$nil).

In Q1 2023, the Company granted 125,000 stock options to a new officer at an exercise price of \$1.43. The estimated fair value, with terms of five years and vesting quarterly over two years was \$106,942 using the Black Scholes valuation model. The grant date fair value of the options is \$0.86 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 3.45%, term: 5 years, expected volatility: 69.2%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

During Q2 2023, the Company granted 367,220 stock options to officers at an exercise price of \$1.11. The estimated fair value, with terms of five years and vesting quarterly over two years was \$242,243 using the Black Scholes valuation model. The grant date fair value of the options is \$0.66 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 3.41%, term: 5 years, expected volatility: 69.78%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%

During Q1, 2022 the Company granted 872,552 stock options to officers and directors at an average exercise price of \$2.33. The estimated fair value, with terms of five years and vesting quarterly over 2 years was \$1,165,915 using the Black Scholes valuation model. The weighted average grant date fair value was \$1.34 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 2.01%, term: 5 years, expected volatility: 68%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q2 2022, the Company granted 316,666 stock options to new officers and director with exercise prices ranging from \$1.86 to \$2.29. The estimated fair value, with terms of five years and vesting over two years was \$379,314 using the Black Scholes valuation model. The grant date fair value of the options ranged from \$1.04 to \$1.35 per stock option. The underlying assumptions used in the estimation of the fair values are as follows: risk free rate: 2.89% to 3.24%, term: 5 years, expected volatility: 68.4% to 68.6%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In Q3 2022, the Company granted 240,000 RSUs to six independent directors with a fair value of \$1.90 on the day of the grant.

In Q3 2022, 391,666 stock options were exercised by an officer and a director with an average exercise price of \$1.04 for gross proceeds of \$407,332.

All related party transactions were completed in the normal course of business.

## **12. Contingent liabilities**

The Company became subject to a lawsuit filed by a contractor claiming damages of \$2,731,265. The claim is for alleged services provided by the contractor which the company disputes. The Company believes that the lawsuit is without merit and intends to defend the action. The Company served a notice of intention to defend on May 12, 2023. Management has performed an assessment of the probability of an unfavourable outcome of the claim and has determined that the best estimate of the expenditure required to settle the present obligation at the end of the period is \$285,000. \$285,000 was accrued for the period ending September 30, 2023.

## **13. Capital management**

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring, and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the quarter ended September 30, 2023.

As of September 30, 2023, the Company had a net working capital of \$15,043,087 (December 31, 2022: \$6,054,032), excluding the non-cash deferred premium on flow through share liability of \$6,102,096 as of September 30, 2023, and \$4,530,000 as of December 31, 2022. The Company held cash in bank on September 30, 2023, of \$18,469,792 (December 31, 2022: \$8,338,170).

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

The Company manages capital in proportion to risk and manages the exploration and evaluation assets and capital structure based on economic conditions and prevailing gold commodity pricing and trends. The Company relies on equity financing to maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

## **14. Financial instruments and risk management**

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position from events that have the potential to materially impair its financial

strength. Balancing risk and reward are achieved through identifying risk appropriately, aligning risk with overall exploration and development strategy, diversifying risk, mitigation through preventive controls, and transferring risk to third parties.

**Fair value**

The carrying values for primary financial instruments, including cash and equivalents, receivables, sales taxes recoverable, interest receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The long-term loan payable is carried at the carrying amount as the present value of the principal discounted at an effective interest rate is nominal. The Company’s exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions. There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the period. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company’s exploration and development activities expose it to the following financial risks:

**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 exposure to credit risk is concentrated in four specific areas: the credit risk on operating balances including sales taxes recoverable, receivables, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets. No provision against these credit risk areas has been recognized in these interim condensed consolidated financial statements. The aggregate gross credit exposure is detailed in the table below:

	Nine months ended September 30, 2023	Year ended December 2022
Cash held with Canadian financial institutions with an "AA-" credit rating	18,469,792	8,338,170
Receivables	23,799	42,488
Sales tax recoverable	504,781	571,385
Interest receivable	89,502	35,981
<b>Aggregate gross credit risk exposure</b>	<b>19,087,874</b>	<b>8,988,024</b>

**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, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company’s primary market risk exposures, and how those exposures are currently managed, follows:

*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’s financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States (“US”) dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss because of foreign exchange movements against the Canadian dollar.

*Commodity price risk*

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company’s control. This risk is not applicable as the Company is not currently in commercial gold production. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company’s ability to raise equity financing for its ongoing working capital requirements.

*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's interest rate risk is minimal as there are no outstanding interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

The following table lists the Company's contractual obligations as at September 30, 2023:

	Less than 1 year	1-3 years	Over 3 years	Total
Accounts payable and accrued liabilities	\$4,168,997	-	-	\$4,168,997
Loan payable	\$60,000	-	-	\$60,000
Asset Retirement Obligation	-	-	\$852,082	\$852,082
<b>Total</b>	<b>\$4,228,997</b>	<b>-</b>	<b>\$852,082</b>	<b>\$5,081,079</b>

#### **15. CEBA loan payable**

As of the filing date of these interim condensed consolidated financial statements for the period ended September 30, 2023, there were no identified indicators of impairment, consequently, no adjustments have been made to these interim condensed consolidated financial statements.

During the fourth quarter of 2020, the Company received a loan in the principal amount of \$60,000 under the Canada Emergency Business Account ("CEBA") program launched by the Government of Canada as a COVID-19 relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending January 18, 2024, and bearing interest at 5% per annum starting on January 19, 2024 for a three-year period. No principal repayment is required before January 18, 2024. If the loan remains outstanding after January 18, 2024, only interest payments are required until the full principal is due on December 31, 2026. If the outstanding principal, other than the amount of potential debt forgiveness of 33% of the amount borrowed, is repaid by January 18, 2024, the remaining principal amount will be forgiven, provided that no default under the CEBA loan has occurred. Repayment of this loan is expected by the end of 2023 resulting in reporting the loan as a current liability.

#### **16. Subsequent Events**

None.