TSODILO RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

Financial Reporting Responsibility of Management

The annual report and consolidated financial statements have been prepared by management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts that are based on informed judgments and best estimates. The financial information presented in this annual report is consistent with the consolidated financial statements. Management acknowledges responsibility for the fairness, integrity and objectivity of all information contained in the annual report including the consolidated financial statements. Management is also responsible for the maintenance of financial and operating systems, which include effective controls to provide reasonable assurance that assets are properly protected and that relevant and reliable financial information is produced. Our independent auditors have the responsibility of auditing the consolidated financial statements and expressing an opinion on them.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors, all of whom qualify as unrelated directors and are independent of management and free from any interest or business relationship which could, or could be perceived to materially interfere with their ability to act in the best interests of the Company. The Audit Committee reviews the annual financial statements before they are presented to the Board of Directors for approval and considers the independence of the auditors.

The consolidated financial statements for the year ended December 31, 2022 have been audited by Crowe MacKay LLP, external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Their report follows hereafter.

James M. Bruchs
Chairman and Chief Executive Officer
May 1, 2023

Dr. Gary A. Bojes
Chief Financial Officer
May 1, 2023

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Independent Auditors' Report

To the Shareholders of Tsodilo Resources Limited

Opinion

We have audited the consolidated financial statements of Tsodilo Resources Limited (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 of the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 consolidated financial statements of the year ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 3 of the consolidated financial statements, the carrying value of exploration and evaluation assets represents a significant asset of the Group. Refer to Note 2 of the consolidated financial statements for a description of the accounting policy and significant judgments applied to exploration and evaluation assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity 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) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at balance date;

- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration plan and directors' minutes;

- Assessing whether any data exists to suggest that the carrying value of the exploration and evaluation assets is unlikely to be recovered through development or sale; and

- Assessing the adequacy of the related disclosures in Note 2 and Note 3 of the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditors' report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
May 1, 2023

Tsodilo Resources Limited

Consolidated Statements of Financial Position
(In United States dollars)

	December 31 2022	December 31 2021
ASSETS		
Current		
Cash	**$ 40,049**	$ 4,713
Accounts receivable and prepaid expenses	**57,767**	35,970
Total Current Assets	**97,816**	40,683
Exploration and evaluation assets *(note 3)*	**5,572,595**	6,813,782
Property, plant and equipment *(note 4)*	**137,882**	212,009
Total Assets	**$5,808,293**	$7,066,474
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(note 9)*	**$ 1,057,599**	$ 890,036
Short-term lease liability *(note 6)*	**4,664**	4,578
Notes payable (*notes 5 and 9)*	**1,606,046**	937,709
Total Current Liabilities	**2,668,309**	1,832,323
Long-term lease liability *(note 6)*	**10,950**	17,055
Total Liabilities	**2,679,259**	1,849,378
SHAREHOLDERS' EQUITY		
Share capital *(note 7)*	**50,944,960**	50,896,526
Contributed surplus *(note 7)*	**12,198,392**	11,881,374
Commitment to issue shares	**95,068**	--
Foreign translation reserve	**(6,939,102)**	(6,410,238)
Deficit	**(53,170,284)**	(51,150,566)
Total Equity	**3,129,034**	5,217,096
Total Liabilities and Equity	**$5,828,293**	$7,066,474

Nature of operations and going concern *(note 1)*
Commitments and contingencies *(note 12)*
Subsequent events *(notes 5 and 15)*

See accompanying notes to the consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"s" **"s"**

Jonathan R. Kelafant
Chairman, Audit Committee

James M. Bruchs
Chairman & CEO

Tsodilo Resources Limited
Consolidated Statements of Operations and Comprehensive Income (Loss)

(In United States dollars)	Year Ended December 31	
	2022	2021
Administrative Expenses		
Corporate remuneration	**$ 496,162**	$ 546,308
Corporate travel and subsistence	**1,742**	--
Investor relations	**23,773**	166,789
Legal and audit	**86,879**	98,364
Filings and regulatory fees	**42,427**	37,449
Administrative expenses	**230,968**	236,682
Stock-based compensation *(note 7)*	**335,950**	288,377
	1,217,901	1,373,969
Other Income (Expense)		
Impairment of exploration and evaluation (note 3)	**(876,351)**	(9,273)
Other income, net of cost	**75,955**	52,492
Interest income	**--**	2
Foreign exchange gain (loss)	**(1,421)**	14,542
	(801,817)	57,763
Gain/(Loss) for the Year	**(2,019,718)**	(1,316,206)
Other Comprehensive Gain/(Loss)		
Foreign currency translation	**(528,864)**	(586,801)
Total Other Comprehensive Gain/(Loss)	**(528,864)**	(586,801)
Total Comprehensive Income (Loss) for the Year	**($ 2,548,582)**	($1,903,007)
Basic and diluted loss per share	**($0.04)**	($0.03)
Weighted average number of shares outstanding	**49,658,622**	48,994,653

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Consolidated Statements of Changes in Shareholders' Equity

(In United States dollars except for shares)

2022

	Share Capital		Contributed Surplus	Commitment to issue shares	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other				
Balance January 1, 2022	**49,499,581**	**$50,896,526**	**$11,881,374**	**$--**	**($6,410,238)**	**($51,150,566)**	**$5,217,096**
Options exercised	**337,500**	**48,434**	**(18,932)**	**--**	**--**	**--**	**29,502**
Commitment to issue shares	**--**	**--**	**--**	**95,068**	**--**	**--**	**95,068**
Stock-based compensation	**--**	**--**	**335,950**	**--**	**--**	**--**	**335,950**
Comprehensive loss	**--**	**--**	**--**	**--**	**(528,864)**	**(2,019,718)**	**(2,548,582)**
Balance December 31, 2022	**49,837,081**	**$50,944,960**	**$12,198,392**	**$95,068**	**($6,939,102)**	**($ 53,170,284)**	**$3,129,034**

See accompanying notes to the consolidated financial statements.

2021

	Share Capital		Contributed Surplus	Foreign Translation Reserve	Deficit	Total Equity
	Shares Issued	Amount	Stock-based compensation & Other			
Balance January 1, 2021	**46,166,060**	**$49,518,357**	**$11,639,437**	**($5,823,437)**	**($49,834,360)**	**$5,499,997**
Units Issued	**2,986,038**	**1,151,821**	**--**	**--**	**--**	**1,151,821**
Options exercised	**165,500**	**126,257**	**(46,440)**	**--**	**--**	**79,817**
Warrant exercised	**181,983**	**100,091**	**--**	**--**	**--**	**100,091**
Stock-based compensation	**--**	**--**	**288,377**	**--**	**--**	**288,377**
Comprehensive loss	**--**	**--**	**--**	**(586,801)**	**(1,316,206)**	**(1,903,007)**
Balance December 31, 2021	**49,499,581**	**$50,896,526**	**$11,881,374**	**($6,410,238)**	**($51,150,566)**	**$5,217,096**

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited

Consolidated Statements of Cash Flows

(In United States dollars)

	Years Ended December 31	
	2022	2021
Cash provided by (used in):		
Operating Activities		
Net Loss for the Year	**($2,019,718)**	($1,316,206)
Adjustments for non-cash items:		
Impairment on exploration and evaluation	**876,351**	9,273
Interest on lease liability	**1,858**	2,526
Foreign exchange loss (gain)	**1,421**	(14,542)
Stock-based compensation	**335,950**	288,377
	(804,138)	(1,030,572)
Net change in non-cash working capital balances *(note 14)*	**832,943**	530,890
	28,805	(499,682)
Investing Activities		
Additions to exploration properties	**(128,488)**	(267,583)
Additions to plant, property & equipment	**--**	(18,833)
	(128,488)	(286,416)
Financing Activities		
Issuance (payment) of notes payable	**25,000**	(30,145)
Issuance of common shares and warrants - cash	**--**	795,435
Commitment to issue shares	**95,068**	--
Cost of issuance	**--**	(21,908)
Options exercised	**22,575**	34,137
Cash payments on lease	**(6,203)**	(6,870)
	136,440	770,649
Impact of exchange on cash	**(1,421)**	14,542
Change in cash - for the year	**35,336**	(907)
Cash - beginning of year	**4,713**	5,620
Cash - end of year	**$ 40,049**	$ 4,713

Supplemental cash flow information – note 14

See accompanying notes to the consolidated financial statements.

Tsodilo Resources Limited
Notes to the Consolidated Financial Statements

For the Years ended December 31, 2022 and 2021
(All amounts are in U.S. dollars unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Tsodilo Resources Limited ("Tsodilo" or "the Company") is an exploration stage company which is engaged principally in the acquisition, exploration and development of mineral properties in the Republic of Botswana.

The Company is considered to be in the exploration and development stage given that none of its properties are in production and, to date, have not earned any revenues. The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the renewal or extension of exploration licenses, obtaining the necessary permits to operate a mine, obtaining the financing to complete exploration and development, and future profitable production. The Company is incorporated under the laws of the Yukon Territory, Canada, under the Business Corporations Act of Yukon and the address of the Company's registered office is 1 King Street West, 48th Floor, Toronto, Ontario, Canada, M5H 1A1. The Company currently exists under the Business Corporations Act of Yukon and its common shares are listed on the Canadian TSX Venture Stock Exchange ("TSXV") under the symbol TSD. On March 4, 2021, the Company's stock began trading on the US OTCQB Venture Market under the symbol "TSDRF"; the Company continues to trade on the Canadian Toronto Stock Exchange Venture Exchange ("TSX Venture") under the symbol "TSD.V."

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company incurred a loss of ($2,019,718) and comprehensive loss of ($2,548,582) during the year ended December 31, 2022 and as of that date, the Company had an accumulated deficit of $53,170,284 and negative working capital of ($2,570,493). The Company has not generated any revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. The Company's continuation as a going concern depends on its ability to successfully raise financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these consolidated financial statements.

Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures further, or divest of certain mineral property assets, to preserve working capital and alleviate any going concern risk.

The consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

COVID-19 Global pandemic and Geopolitical risks

Measures and guidelines implemented by the Government of Botswana in late March 2020 which allowed the Company's exploration and evaluation activities to remain operational albeit limited throughout the pandemic restrictions have gradually been rolled back as vaccination levels within Botswana have increased. Most of the Company's workforce (+99%) have been vaccinated. Although significant progress has been made in this area, the

Company continues to operate under its approved crisis management plan, designed to protect the health and well-being of our employees in Botswana and elsewhere as well as the financial well-being of the business. The Company has continued with regular health screening, temperature checks and the use of infrared measurements to prevent the spread of COVID-19. Although many countries around the world have removed the public health measures implemented to reduce the spread of COVID-19, uncertainty remains. It is possible that Tsodilo's operations could be impacted in a number of ways including, but not limited to: a suspension of exploration and evaluation activities, disruptions to supply chains and worker absenteeism due to illness. While the impact of COVID-19 is expected to be temporary, the current circumstances remain dynamic and the impacts on our financial position or operations cannot be reasonably estimated at this time.

In February 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests. While the Company does not have any operations in Ukraine or Russia, its business may be impacted as the conflict and economic sanctions may give rise to indirect impacts, including but not limited to, increased fuel prices, supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats. Increased fuel prices and ongoing volatility of such prices may have adverse impacts on the Company's costs of doing business. The implications could result in a global economic downturn that could adversely affect the Company's business. The continuance or escalation of the military conflict between Russia and Ukraine and the corresponding economic sanctions imposed on Russia may also result in increased volatility in the market for the Company's securities and could have other effects which are currently unknown. The Company cannot accurately predict the impact that ongoing conflict in Ukraine will have on its financial position or operations. Uncertainty about judgments, estimates and assumptions made by management during the preparation of the Company's consolidated financial statements related to potential impacts of the COVID-19 pandemic and the Ukraine-Russia conflict on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been authorized for release by the Company's Board of Directors on May 1, 2023.

(b) Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss which are stated at their fair value. These consolidated financial statements are presented in United States dollars and include the accounts of the Company and the following direct and indirect subsidiaries:

Entity	2022	2021
Tsodilo Resources Bermuda Limited ("TRBL") [Bermuda]	100%	100%
Bosoto (Proprietary) Limited ("Bosoto") [Botswana]	100%	100%
Gcwihaba Resources (Proprietary) Limited ("Gcwihaba") [Botswana]	100%	100%
Newdico (Proprietary) Limited ("Newdico") [Botswana]	100%	100%
Idada Trading 361 (Pty) Ltd. ("Idada") [South Africa]	70%	70%

The accounting policies set out below have been applied consistently to all periods and years presented.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Significant judgments are required with respect to the assessment of impairment of the Company's exploration and evaluation assets, the determination of the functional currency of the Company and its subsidiaries, potential tax exposures given the company operates in multiple jurisdictions, and the going concern assumptions. In particular, the carrying value of the Company's exploration and evaluation assets is dependent upon the Company's determination with respect to the future prospects of its exploration and evaluation assets and the ability of the Company to successfully complete the renewal or extension process for its exploration properties as required. The quantification of potential tax exposures is dependent on the relevant tax authorities' acceptance of the Company's positions.

(d) Earnings (Loss) per Common Share

Earnings (loss) per share calculations are based on the net income (loss) attributable to common shareholders for the year divided by the weighted average number of common shares issued and outstanding during the year.

Diluted earnings per share calculations are based on the net income (loss) attributable to common shareholders for the year divided by the weighted average number of common shares outstanding during the year plus the effects of dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year. The incremental number of common shares that would be issued is included in the calculation of diluted earnings per share.

(e) Exploration and Evaluation Assets

Exploration and evaluation assets include acquired mineral use rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral use rights is capitalized. The amounts shown for exploration and evaluation assets represents all direct and indirect costs relating to the acquisition, exploration and development of exploration properties, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the exploration and evaluation assets are abandoned or sold. The Company has classified exploration and evaluation assets as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimates of proven and probable reserves.

Proceeds received from farm-out agreements or recoveries of costs are credited against the cost of related claims.

Ownership of exploration and evaluation assets involves certain inherent risks, including geological, commodity prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for exploration and evaluation assets is dependent upon the delineation of economically recoverable ore reserves, the renewal or extension of exploration licenses, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate the mine, and realizing profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the

period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following terms:

Hangar	over remaining life of land lease
Vehicles	5 Years
Furniture and equipment	3 – 4 Years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) Cash

Cash consists of cash held in banks and petty cash.

(h) Foreign Currency Translation

(i) Functional and presentation currency

The Company's functional and presentation currency is the United States dollar ("U.S. Dollar"). The functional currencies of the Company's subsidiaries are as follows:

Tsodilo Resources Bermuda Limited	("TRBL")	U.S. Dollar
Gcwihaba Resources (Pty) Limited	("Gcwihaba")	Botswana Pula
Newdico (Pty) Limited	("Newdico")	Botswana Pula
Bosoto (Pty) Limited	("Bosoto"')	Botswana Pula
Idada Trading 361 (Pty) Ltd	("'Idada")	South African Rand

Each subsidiary and the Company's parent entity determine their own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate prevailing at the reporting date.

(iii) Translation of foreign operations

As at the reporting date the assets and liabilities of Gcwihaba, Newdico, Bosoto, and Idada are translated into the presentation currency of the Company at the rate of exchange prevailing at the reporting date and their revenue and expenses are translated at the average exchange for the period. On consolidation,

the exchange differences arising on the translation are recognized in other comprehensive income (loss) and accumulated in the foreign currency translation reserve.

If Gcwihaba, Newdico, Bosoto, and Idada were sold, the amount recognized in the foreign currency reserve would be reallocated to profit or loss as part of the gain or loss on disposal.

(i) ***Income Taxes***

Current taxes are the expected tax payable or receivable on the local taxable income or loss for the year, using the local tax rate enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are realized or settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) ***Share-based Compensation***

The Company follows the fair value method of accounting for stock option awards granted to employees and directors, whereby services are rendered as consideration for equity instruments (equity-settled transactions). The fair value of stock options is determined by the Black-Scholes Option Pricing model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's common shares and an expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock. Share-based compensation is amortized over the vesting period of the related stock option. When options are forfeited any charges already recognized relating to unvested options are reversed. When an award is cancelled by the entity or by the counterparty, any remaining element of fair value of the award is expensed immediately through profit or loss. When an award expires unexercised the fair value originally allocated to the aware remains in contributed surplus.

The Company uses graded or accelerated amortization which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

(k) Severance Benefits

Under Botswana law, the Company is required to pay severance benefits for full-time employees upon the completion of 5 years of continued service if the employee so elects or upon the termination of employment. Severance is earned at the rate of one day per month for an employee with less than five years of service and two days per month for employees with greater than five years of service. The specifics and benefits of the severance program mandated in Botswana are extended to full-time employees residing and working outside of Botswana. The cost of these severance benefits is accrued over the year of service until the benefit becomes payable. Portions of the severance expenses are capitalized to exploration and evaluation assets.

(l) Financial Assets

Under IFRS 9, all financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL"). All of the Company's financial assets are classified as amortized cost, being subsequently measured at amortized cost using the effective interest rate method.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in profit or loss.

(m) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or at amortized cost. Financial liabilities classified as at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, at amortized cost are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability. The Company's accounts payable and accrued liabilities, lease liability, and notes payable are classified as at amortized cost. Financial liabilities classified as FVTPL include warrants with exercise prices denominated in a currency other than the Company's functional currency. Derivatives, including separated embedded derivatives are also classified as FVTPL and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. Transaction costs associated with FVTPL liabilities are expensed as incurred.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

(n) Impairment of Assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risk of a specific asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Exploration and evaluation assets are assessed for impairment indicators under IFRS 6.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(o) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and includes, but is not limited to, key management personnel, directors, affiliated companies, and project partners. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

(p) Share Capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the Warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share issue costs and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date, the amount previously recognized in equity is transferred from reserves to deficit. In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate exchange on the date the shares are issued.

(q) Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded

directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year. As at December 31, 2022 and 2021, the Company has determined that it does not have any decommissioning obligations.

(r) Lease Liability Accounting Policy

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

(s) New Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the ISAB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning January 1, 2023 or later periods. These standards are not expected to have a material impact on the Company.

Classification of Liabilities as Current or Non-current (Amendment to IAS 1)

The amendment to IAS 1 provides a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. These amendments are effective for the reporting dates beginning on or after January 1, 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied

retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. These amendments are effective for reporting periods beginning on or after January 1, 2023.

3. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets are summarized as follows

	Bosoto Botswana			Newdico Botswana	Idada S. Africa	Gcwihaba Botswana	
	Project BK 16 Precious Stones	**Project PL 217 Precious Stones**	**Bosoto Total**	**Project PL091 Industrial Minerals Stones**	**Precious Metals**	**Metals**	**TOTAL**
Balance at December 31, 2020	**$3,759,919**	**$671,771**	**$4,431,690**	**$141,691**	**$7,792**	**$2,482,154**	**$7,063,327**
Additions	80,889	47,736	128,625	115,380	--	88,479	332,484
Net Exchange Differences	(273,284)	(82,111)	(355,395)	(17,366)	(142)	(199,853)	(572,756)
Impairment	--	--	--	--	(7,650)	(1,623)	(9,273)
Balance at December 31, 2021	**3,567,524**	**637,396**	**4,204,920**	**239,705**	**--**	**2,369,157**	**6,813,782**
Additions	33,573	13,169	46,742	64,150	--	75,877	186,769
Net Exchange Differences	(270,608)	(65,892)	(336,500)	(12,177)	--	(202,928)	(551,605)
Impairment	--	(584,673)	(584,673)	(291,678)	--	--	(876,351)
Balance at December 31, 2022	**$3,330,489**	**$ --**	**$3,330,489**	**$ --**	**$ --**	**$2,242,106**	**$5,572,595**

Exploration and evaluation additions for the year-ended December 31, 2022 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	**Project PL 217 Precious Stones**	**Bosoto Total**	**Project PL091 Industrial Minerals**	**Metals**	**TOTAL**
Drilling Expenditures	$ 2,180	$ 147	$ 2,327	$ 457	$ 8,149	$10,933
Amortization Drill Rigs, Vehicles & Trucks	4,022	--	4,022	49,371	4,887	58,280
Geophysics	150	150	300	--	22,346	22,646
Lab Analyses & Assays	837	--	837	--	19,157	19,994
License Fees	80	117	197	150	820	1,167
Maintenance, & Consumables	8,849	6,446	15,295	6,385	6,704	28,384
Salaries, Wages & Services	17,455	6,309	23,764	7,787	13,814	45,365
Balance at December 31, 2022	**$33,573**	**$13,169**	**$46,742**	**$64,150**	**$75,877**	**$186,769**

Exploration and evaluation additions for the year-ended December 31, 2021 are summarized as follows:

	Bosoto Botswana			Newdico Botswana	Gcwihaba Botswana	
	Project BK 16 Precious Stones	**Project PL 217 Precious Stones**	**Bosoto Total**	**Project PL091 Industrial Minerals**	**Metals**	**TOTAL**
Drilling Expenditures	$ 5,175	$ 64	$ 5,239	$ 265	$ 10,676	$16,180
Amortization Drill Rigs, Vehicles & Trucks	4,479	--	4,479	54,980	5,442	64,901
Geophysics	2,898	2,898	5,796	2,898	2,898	11,592
Lab Analyses & Assays	--	--	--	--	1,832	1,832
License Fees	89	65	154	119	1,647	1,920
Maintenance, & Consumables	12,644	6,672	19,316	6,239	13,854	39,409
Salaries, Wages & Services	55,604	38,037	93,641	50,879	52,130	196,650
Balance at December 31, 2021	**$80,889**	**$47,736**	**$128,625**	**$115,380**	**$88,479**	**$332,484**

General

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of permits and the potential for problems arising from government conveyance accuracy, prior unregistered agreements or transfers, native land claims, confirmation of physical boundaries, and title may be affected by undetected defects. The Company does not carry title insurance.

Exploration and Evaluation Assets (Royalties)

In the third Quarter 2017, the Company reached an agreement with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL) to grant royalties on three projects in consideration of the payment of $1,500,000 USD.

The package of assets in the Royalty Sale includes:

- ◊ the grant of a 1% Net Smelter Return (NSR) on the Company's wholly owned Botswana subsidiary Gcwihaba Resources (Pty) Ltd. prospecting metal licenses in northwest Botswana;
- ◊ the grant of a 1% Gross Proceeds Royalty (GPR) on the Company's Botswana wholly owned subsidiary Bosoto (Pty) Ltd. precious stone prospecting license (PL217/2016) located in the Orapa Kimberlite Field; and,
- ◊ the grant of a 1% NSR on the Company's 70% owned South African subsidiary Idada 361 (Pty) Ltd. gold and silver prospecting license located in the Barberton Greenstone Belt in the Mpumalanga province of South Africa.

Sandstorm shall have a right of first refusal with respect to any third-party bona fide offers to purchase a metal or precious stone royalty on the properties.

On July 23, 2020, the Company reached an agreement with TBM (Pty) Ltd. ("TBM") to grant royalties (Royalty income) on its Botswana subsidiary Gcwihaba (Pty) Ltd. ("Gcwihaba") then seven (7) metal prospecting licenses in consideration of the payment of $500,000 USD.

The package of assets in the Royalty Sale includes:

- ◊ the grant of a 0.5% Net Smelter Return or Net Mineral Return on Gcwihaba's five (5) prospecting metal licenses in northwest Botswana.

Gcwihaba Resources (Pty) Ltd ("Gcwihaba") - Botswana

In 2017, Gcwihaba, a wholly owned subsidiary of the Company, held twenty-one (21) metal (base, precious, platinum group, and rare earth) Prospecting Licenses (PL) in the North-West district of which seven (7) were then

in renewal. The 21 licenses were relinquished and the core seven licenses were given an initial grant effective October 1, 2018. These new licenses have an initial grant term of three (3) years to be followed by 2 two-year renewal periods. The relinquishment of the aforementioned licenses or portions thereof did not cause a reduction or change in the continuing overall exploration program nor impact the chances of the overall success of the program.

Two-year renewal applications were filed in the second quarter of 2021 reducing the overall license package from 4,021 km^2 to 2,465 km^2 consisting of five (5) prospecting licenses. The reduction in the license area package had no impact of the prospectivity of the project area.

On November 30, 2021, PL's 021- 024/2018 were renewed for a two-year term effective January 1, 2022. PL020 is pending approval. The four licenses combined have a minimum exploration expenditure requirement of 8,020,080 BWP ($619,438 USD as at December 31, 2022. The fifth license is currently the subject of litigation, see note 13 for a summary description.

Bosoto (Pty) Ltd ("Bosoto") - Botswana
Tsodilo was granted PL369/2014 over the BK16 kimberlite pipe through its 100% owned Botswana subsidiary, Bosoto, effective October 1, 2014. The prospecting license was renewed for an additional two-year period commencing October 1, 2017 and a second two-year renewal application was granted effective October 1, 2019. On June 21, 2021, a two-year extension of the license was granted effective October 1, 2021.

PL 217/2016 was acquired in the second quarter of 2017. The license had an effective date of January 1, 2017 for an initial period of 3-years followed by two 2-year renewals. The first renewal was granted on June 29, 2020 to be effective July 1, 2020.

A review of the Company's extensive exploration work on PL217/2016 was performed in the fourth quarter and it was determined that there is not enough gravel tonnage to make an economic project. Accordingly, one of the two the licenses were relinquished in its entirety in the 4th quarter. The Company has written off the capitalized cost of $584,673 as impaired for that one license as at the year-ended December 31, 2022.

Newdico (Pty) Ltd ("Newdico") - Botswana
The Company holds a 100% interest in Newdico, which held one (1) industrial mineral (granite & dolerite) license.

In the 4th quarter, a review of available data indicated that it is uneconomical to exploit. The Company decided to relinquish the license in its entirety. The Company has written off the capitalized costs of $291,678 as impaired as at the year-ended December 31, 2022.

Idada Trading 361 (Pty) Ltd ("Idada") – South Africa
The Company holds a 70% interest in its South African subsidiary, Idada. Idada made application for an exploration license (Ref: MP30/5/1/1/2/1047PR) in the Barberton area in February 2012. The Prospecting Right was subsequently granted for a term of five years effective as of May 2015.

During the third quarter 2019, the Company was informed that certain portions of our license areas were designated as a World Heritage site by UNESCO. As a result the Company was not granted a renewal of its exploration license.

The license comprises 9,033 hectares and all expenditures were curtailed until such time as access to the license area is provided. In the fourth quarter of 2021, the Company determined to stop all efforts to protect its license rights as all efforts to contact its Black Empowerment Partner and the DMA and DEA have failed as all parties are not responsive. During the year ended December 31, 2021, the property was impaired in full.

Covid-19 Pandemic Relief
In the first Quarter of 2020, the Company initiated efforts to get Covid-19 relief from expenditure and work requirements on our prospecting licenses due to the exceptional and debilitating global effects of the Covid-19

pandemic. In April 2020, the Ministry of Mineral Resources, Green Technology and Energy Security informed those holding prospecting licenses that they would entertain granting relief from work and expenditure requirements on a case-by-case basis. Applications for relief were filed for the Gcwihaba and Bosoto licenses and on January 8, 2021 the Ministry in accordance with Section 22 of the Mines and Minerals Act, approved the cancellation of one (1) year of prospecting program of Bosoto Prospecting License No. PL 369/2014 and PL 217/2016, and Gcwihaba Prospecting Licenses Nos. PL 020 – 026/2018 with an effect date from April 1, 2020.

4. PROPERTY, PLANT, AND EQUIPMENT

Cost	Hangar	Vehicles	Furniture and Equipment	Right of Use Asset	Total
As at December 31, 2020	$183,140	$ 802,513	$ 440,968	$--	$ 1,426,621
Additions	--	--	18,833	27,211	46,044
Foreign Exchange Difference	(14,400)	(63,100)	(33,305)	(1,468)	(112,273)
As at December 31, 2021	168,740	739,413	426,496	25,743	1,360,392
Foreign exchange Difference	(14,260)	(62,487)	(34,572)	(2,176)	(113,495)
As at December 31, 2022	$154,480	$676,926	$391,924	$23,567	$1,246,897

Accumulated Depreciation	Hangar	Vehicles	Furniture and Equipment	Right of Use Asset	Total
As at December 31, 2020	$81,343	$789,465	$307,727	$--	$1,178,535
Depreciation	19,734	5,321	34,697	5,149	64,901
Foreign exchange Difference	(3,315)	(62,386)	(29,352)	--	(95,053)
As at December 31, 2021	97,762	732,400	313,072	5,149	1,148,383
Depreciation	17,633	4,755	31,005	4,887	58,280
Foreign Exchange Difference	(5,008)	(62,063)	(29,968)	(609)	(97,648)
As at December 31, 2022	$110,387	$675,092	$314,109	$9,427	$1,109,015

Net book value					
As at December 31, 2021	$70,978	$7,013	$113,424	$20,594	$212,009
As at December 31, 2022	**$44,093**	**$1,834**	**$77,815**	**$14,140**	**$137,882**

For the year ended December 31, 2022, $58,280 (2021: $64,901) in depreciation has been capitalized under exploration properties.

5. NOTES PAYABLE

As at December 31, 2022, notes payable in the amount of $1,606,046 were outstanding from a related party. The notes have an annual interest rate of 8% and one of the notes carry a termination fee of 10% upon early redemption of the note for which there is an embedded derivative arising – the fair value of this is NIL. In addition, at the option of the note holder, the December 2018 note can be converted to stock at the discretion of the holder during future private placements that raise a minimum of CAD $500,000, of those future private placements at the price of the private placement. The remaining notes are due on demand.

The notes payable at December 31, 2022 are summarized as follows:

Date	Balance 12/31/2021	Changes in 2022	Balance 12/31/2022	Interest Rate	Termination Fee	Maturity Date
31-Dec-18	$273,006	$--	$273,006	8%	$27,300	31-Dec-23*
30-Jun-19	207,242	--	207,242	8%	NIL	On Demand
31-Dec-19	57,684	--	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	26,500	--	26,500	8%	NIL	On Demand
27-Jul-21	26,500	--	26,500	8%	NIL	On Demand
28-Aug-21	27,000	--	27,000	8%	NIL	On Demand
27-Sep-21	25,500	--	25,500	8%	NIL	On Demand
31-Dec-21	102,235	--	102,235	8%	NIL	On Demand
30-Jun-22	--	451,159	451,159	8%	NIL	On Demand
21-Sep-22	--	25,000	25,000	8%	NIL	19-Dec-22**
30-Sep-22	--	100,738	100,738	8%	NIL	On Demand
31-Dec-22	--	91,440	91,440	8%	NIL	On Demand
Total	**$937,709**	**$668,337**	**$1,606,046**		**$27,300**	

*During the year-ended December 31, 2022, $273,006 of notes payable had its maturity extended from December 31, 2022 to December 31, 2023.

** The promissory note of $25,000 dated September 21, 2022 has been repaid subsequent to year end.

- On June 30, 2022, a promissory note was issued for $451,159 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 21, 2022, a promissory note was issued for $25,000. The note matured on December 19, 2022 and has an annual interest rate of 8%.
- On September 30, 2022, a promissory note was issued for $100,738 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2022, a promissory note was issued for $91,440 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

The notes payable at December 31, 2021 are summarized as follows:

Date	Balance 12/31/2020	Changes in 2021	Balance 12/31/2021	Interest Rate	Termination Fee	Maturity Date
1-Oct-18	$5,819	($5,819)	$--	8%	$--	--
31-Dec-18	347,579	(74,573)	273,006	8%	27,300	31-Dec-22*
31-Jan-19	85,000	(85,000)	--	8%	--	--
30-Jun-19	293,687	(86,445)	207,242	8%	NIL	On Demand
30-Sep-19	36,462	(36,462)	--	8%	--	--
31-Dec-19	95,146	(37,462)	57,684	8%	NIL	On Demand
01-Oct-20	192,042	--	192,042	8%	NIL	On Demand
21-Jun-21	--	26,500	26,500	8%	NIL	On Demand
27-Jul-21	--	26,500	26,500	8%	NIL	On Demand
28-Aug-21	--	27,000	27,000	8%	NIL	On Demand
27-Sep-21	--	25,500	25,500	8%	NIL	On Demand
31-Dec-21	--	102,235	102,235	8%	NIL	On Demand
Total	**$1,055,735**	**($118,026)**	**$937,709**		**$27,300**	

*During the year-ended December 31, 2021, $273,006 of notes payable had its maturity extended from December 31, 2021 to December 31, 2022.

- On January 5, 2021, $295,616 were retired vis-à-vis private placement participation.
- On February 10, 2021, $19,800 in promissory notes were paid in cash.
- On February 11, 2021, $10,345 in promissory notes were paid in cash.
- On June 21, 2021, a promissory note was issued for $26,500 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On July 27, 2021, a promissory note was issued for $26,500 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On August 28, 2021, a promissory note was issued for $27,000 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On September 27, 2021, a promissory note was issued for $25,500 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.
- On December 31, 2021, a promissory note was issued for $102,235 to an employee, who is a director of the Company. The note is payable on demand and has an annual interest rate of 8%.

6. LEASE LIABILITY

	December 31	
	2022	2021
Lease liability opening balance	**$ 21,633**	$ --
Additions	**--**	27,211
Payments	**(6,203)**	(6,870)
Accretion	**1,858**	2,526
Exchange difference	**(1,674)**	(1,234)
Lease liability ending balance	**15,614**	21,633
Less current portion	**(4,664)**	(4,578)
Long-term portion	**$ 10,950**	$ 17,055

During the year ended December 31, 2021 the Company recognized right of use assets and a corresponding lease liability of $27,211. The incremental borrowing rate for the lease liability recognized was 10%. No other lease liability activity occurred during the year ended December 31, 2022.

7. SHARE CAPITAL

(a) Common Shares

Authorized, Issued and outstanding

The authorized capital stock of the Company comprises an unlimited number of common shares with no par value. Issued and outstanding: 49,837,081 Common Shares as at December 31, 2022 and 49,499,581 at December 31, 2021.

1) Issued during the year ended December 31, 2022:

- On July 12, 2022, 237,500 (C$0.09) options were exercised for proceeds of $16,452 (C$21,375). The fair value of $10,206 (C$13,276) was reclassified from contributed surplus to share capital.
- On July 12, 2022, 100,000 (C$0.17) options were exercised for proceeds of $13,050 (C$17,000). The fair value of $8,726 (C$11,350) was reclassified from contributed surplus to share capital.

2) Issued during the year-ended December 31, 2021:

- On January 25, 2021, 2,686,038 Units were issued at a price of C$0.50 for proceeds to the Company of $1,038,468 (C$1,321,409). Each unit includes one common share and one warrant entitling the holder thereof to purchase one Common Share until the close of business on January 25, 2023 at USD $0.55. $17,312 (C$21,610) of issuance costs were netted against the proceeds.
- On February 10, 2021, 300,000 units were issued at a price of C$0.50 for proceeds to the Company of $113,353 (C$144,293). Each unit includes one common share and one warrant entitling the holder thereof to purchase one Common Share until the close of business on January 25, 2023 at USD $0.55. $4,596 (C$5,707) of issuance costs were netted against the proceeds.
- On July 12, 2021, 50,000 options were exercised for proceeds of $34,137 (C$42,500). The fair value of $18,875 (C$23,500) was reclassified from contributed surplus to share capital.
- On September 30, 2021, 143,801 warrants were exercised for proceeds of USD $79,090.
- On December 31, 2021, 38,182 warrants were exercised for proceeds of USD $21,001.
- On December 31, 2021, 115,500 options were exercised for proceeds of $45,680 (C$58,375). The fair value of $27,365 (C$40,245) was reclassified from contributed surplus to share capital.

(b) Warrants

As at December 31, 2021 and 2022, the following warrants were outstanding:

Expiry	Exercise price (USD)	Warrants outstanding	Remaining contractual life (years)
July 25, 2023*	$0.55	2,504,055	0.56
August 10, 2023*	$0.55	300,000	0.61
	$0.55	2,804,055	0.57

*During the year-ended December 31, 2022, the expiry of the options has been extended from January 25, 2023 and February 10, 2023 to July 25, 2023 and August 10, 2023.

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2020	--	--
Issued	2,986,038	$0.55
Exercised	(181,983)	$0.55
Outstanding as at December 31, 2021 and 2022	**2,804,055**	**$0.55**

- On January 25, 2021, the Company issued 2,686,038 warrants with an exercise price of $0.55, expiring on January 25, 2023. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.
- On February 10, 2021, the Company issued 300,000 warrants with an exercise price of $0.55, expiring on February 10, 2023. As the strike price of these warrants is in U.S. Dollars, the warrants were classified as equity instruments. The values of the units are equal to the value of the common shares at the issuance date.
- On September 30, 2021, 143,801 warrants were exercised for proceeds of USD $79,090.
- On December 31, 2021, 38,182 warrants were exercised for proceeds of USD $21,001.

No warrants were issued, exercised or expired during the year ended December 31, 2022.

(c) Stock Option Plan

The Company has a stock option plan ("SOP") providing for the issuance of options that cannot exceed 9,830,420 shares of common stock. The Company may grant options to directors, officers, employees, and contractors, and other personnel of the Company or its subsidiaries. The exercise price of each option cannot be lower than the market price of the shares being the closing price of the Company's common shares on the TSX Venture Exchange the day before the grant date. Options generally vest ratably over an eighteen month period, beginning with the date of issuance and every 6 months thereafter, and expire in five years from the date of grant as determined by the Board of Directors. On May 20, 2021, shareholders voted to increase the number of common shares of the Corporation reserved for issuance pursuant to the Stock Option Plan to 9,830,340 to reflect an amount equal to 20% of the outstanding common shares outstanding as at May 20, 2021.

The following Table summarizes the Company's stock option activity for the years ended December 31, 2022 and 2021:

	Number of Options	**Weighted Average Exercise Price**
Outstanding as at December 31, 2020	2,706,250	C$0.48
Granted	925,000	C$0.67
Exercised	(165,500)	C$0.61
Expired	(425,000)	C$0.76
Outstanding as at December 31, 2021	3,040,750	C$0.49
Granted	1,425,000	C$0.39
Exercised	(337,500)	C$0.12
Expired	(547,000)	C$0.80
Outstanding as at December 31, 2022	3,581,250	C$0.43

2022

◊ On January 1, 2022, the company granted 425,000 options at C$0.64.
◊ On January 2, 2022, 125,000 stock options exercisable at C$0.69 expired.
◊ On April 3, 2022, 350,000 stock options exercisable at C$0.85 expired.
◊ On July 1, 2022, the company granted 1,000,000 options at C$0.29.
◊ On July 12, 2022, 237,500 (C$0.09) options were exercised for proceeds of $16,452 (C$21,375).
◊ On July 12, 2022, 100,000 (C$0.17) options were exercised for proceeds of $13,050 (C$17,000).
◊ On November 21, 2022, 72,000 stock options exercisable at C$0.75 expired.

2021

- ◊ On January 4, 2021, 175,000 stock options exercisable at C$0.72 expired.
- ◊ On January 1, 2021, the Company granted 275,000 options at C$0.47.
- ◊ On April 8, 2021, 250,000 stock options exercisable at C$0.79 expired.
- ◊ On May 20, 2021, the Company granted 650,000 options at C$0.75.
- ◊ On July 12, 2021, 50,000 options exercisable at C$0.85 were exercised.
- ◊ On December 31, 2021, 25,000 options exercisable at C$0.07 were exercised.
- ◊ On December 31, 2021, 12,500 options exercisable at C$0.09 were exercised.
- ◊ On December 31, 2021, 50,000 options exercisable at C$0.69 were exercised.
- ◊ On December 31, 2021, 28,000 options exercisable at C$0.75 were exercised.

The weighted average trading price of the Company's shares on the dates of the exercises of stock options was C$0.70 (2021 - C$0.71) for the year ended December 31, 2022.

The following assumptions were used in the Black Scholes option pricing model to fair value the stock options granted during the years ended December 31, 2022 and 2021:

	2022	2021
Expected lives	**3.95 years**	3.97 years
Expected volatilities (based on Company's historical prices)	**113.56-116.22%**	103.6-109.7%
Expected dividend yield	**0%**	0%
Risk free rates	**1.11-2.84%**	0.26-0.58%
Weighted average fair value of option	**$0.30**	$0.49

The following table summarizes stock options outstanding as at December 31, 2022:

Options Outstanding				**Options Exercisable**		
Exercise Price (C$)	Number of Outstanding Options	Weighted Average Exercise Prices (C$)	Weighted Average Remaining Contractual Life (Years)	Number of Exercisable Options	Weighted Average Exercise Prices (C$)	Weighted Average Remaining Contractual Life (Years)
C$0.65	175,000	C$0.65	0.01	175,000	C$0.65	0.01
C$0.55	450,000	C$0.55	0.23	450,000	C$0.55	0.23
C$0.28	50,000	C$0.28	1.00	50,000	C$0.28	1.00
C$0.17	375,000	C$0.17	1.43	375,000	C$0.17	1.43
C$0.07	162,500	C$0.07	2.01	162,500	C$0.07	2.01
C$0.09	118,750	C$0.09	2.72	118,750	C$0.09	2.72
C$0.47	275,000	C$0.47	3.00	275,000	C$0.47	3.00
C$0.75	550,000	C$0.75	3.39	550,000	C$0.75	3.39
C$0.64	425,000	C$0.64	4.00	212,500	C$0.64	4.00
C$0.29	1,000,00	C$0.29	4.50	250,000	C$0.29	4.50
	3,581,250	C$0.43	2.85	2,618,750	C$0.44	2.31

8. INCOME TAXES

The recovery of income taxes varies from the amounts that would be computed by applying the Canadian federal and provincial statutory rate for 2022 of approximately 27% (2021: 27%) to loss before income taxes as follows:

	December 31, 2022	December 31, 2021
Loss for the year	($2,019,718)	($1,316,206)
Income tax rate	27.00%	27.00%
Expected income tax recovery	($545,324)	($355,376)
Foreign operation taxed at lower rates	50,135	4,420
Permanent differences	78,807	76,654
Change in benefits not recognized	416,382	274,302
Provision for income taxes	$ --	$ --

As of December 31, 2022, the following deferred tax assets and liabilities have been recognized:

	December 31, 2022	December 31, 2021
Property, Plant and Equipment	($19,000)	($24,000)
Exploration & Evaluation Assets	(2,066,000)	(2,424,000)
Deferred tax liabilities	(2,085,000)	(2,448,000)
Tax losses carried forward	2,085,000	2,448,000
Net deferred income tax asset recorded	$--	$--

As at December 31, 2022, the Company has unrecognized deductible temporary differences aggregating to $14,434,000 (2021: $13,082,000), that are available to offset future taxable income. However, these temporary differences relate to companies with a history of losses, and as a result are not recognized.

	December 31, 2022	December 31, 2021
Losses carried forward - Botswana	$4,812,000	$4,232,000
Losses carried forward - Canada	9,263,000	8,435,000
Other	359,000	415,000
	$14,434,000	$13,082,000

The Canadian tax losses of $9,263,000 (2021: $8,435,000) expire from 2026 through to 2042. The majority of Botswana tax losses can be carried forward indefinitely with the remainder expiring within five years.

9. RELATED PARTY TRANSACTIONS

Remuneration of Key Management Personnel of the Company	For the year ended December 31	
	2022	2021
Short term employee remuneration and benefits	$333,333	$298,000
Stock-based compensation	238,221	270,792
Total compensation attributed to key management personnel	$571,554	$568,792

- ◊ During the year, an individual related to the CEO provided administrative and management services to the Company and was remunerated in 2022 in the amount of $48,000 (2021: $48,000).
- ◊ During the year, an individual related to key management personnel of the Company received $NIL in stock-based compensation during the year (2021: $5,970).
- ◊ During the year, a board member was issued notes in the amount of $643,337 (2021: $207,736).
- ◊ As at December 31, 2022, there was a total of $26,852 (2021: $112,611) payables to related parties included within accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and are due on demand.

There are no other related party transactions.

10. SEGMENTED INFORMATION

The Company is operating in one industry. As at December 31, 2022 the Company's property, plant and equipment in Botswana was $137,882 (2021: $212,009) and exploration and evaluations properties in Botswana were $5,572,595 (2021: $6,813,782).

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities and notes payable.

The fair value of financial instruments is determined by valuation methods depending on hierarchy levels as defined below:

1. Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
2. Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments measured at fair value.

Risk Exposure and Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, foreign exchange risk, and interest rate risk. Where material these risks are reviewed and monitored by the Board of Directors.

(a) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and stock options. The Company manages the capital structure and

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

The Company anticipates continuing to access equity markets to fund continued exploration of its mineral properties and the future growth of the business. However, there is no guarantee that such financing will be available when required.

There has been no change in the Company's approach to capital management during 2022. The Company is not subject to externally imposed capital requirements.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company has a working capital deficiency of $2,570,493 at December 31, 2022 (2021: $1,791,640).

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet it contractual obligations. The Company's credit risk is primarily attributable to its cash balances. The Company limits exposure to credit risk through maintaining its cash with high-credit quality financial institutions. The majority of the Company's cash is held with a major Canadian based financial institution.

(d) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. Because the cash is held on deposit at financial institutions and may be withdrawn at any time, and the notes payable have fixed interest rates, the Company's exposure to interest rate risk is not significant.

(e) Foreign Exchange Risk

The Company is exposed to currency risks on its Pula denominated working capital balances due to changes in the USD/BWP exchange rate. Based on the net Pula denominated financial instruments exposures as at December 31, 2022, a ten percentage change in the exchange rate would result in approximately a $36,444 [2021: ($84,000)] impact to the Company's net comprehensive income/(loss).

The Company issues equity in Canadian dollars and the majority of its expenditures are in U.S. dollars. The Company purchases U.S. dollars based on its near term forecast expenditures and does not hedge its exposure to currency fluctuations.

12. COMMITMENTS AND CONTINGENCIES

Prospecting Licenses

The Company holds prospecting licenses which require the Company to spend a proposed minimum amount on prospecting over the period of the licenses.

The Company has mineral interest commitments with its Bosoto and Gcwihaba licenses. The Company is to make exploration expenditures of approximately $3,089,586 (40,002,000 BWP) by September 30, 2023 on its PL369/2014 Bosoto license and approximately $619,438 (8,020,080 BWP) by December 31, 2023 on its Gcwihaba licenses.

Lease & Service Commitments

Currently, the aggregate minimum annual payments are as follows:

Year	Facility	Term	BWP			USD*
			Yearly Rental	Services	Total	
2023	Hangar Maun[1]	2/01/2016 – 12/31/2026	163,512	24,527	188,039	$14,523
2023	Shakawe Plot[2]	1/01/2021 – 12/31/2025	77,880	-	77,880	6,015
2023	Gaborone[3]	2/01/2022 – 1/31/2023	-	98,000	98,000	7,570
2023	Letlhakane Plot[4]	2/21/2018 – 12/31/2068	29,998	-	29,998	2,317
	Total					$30,425

*aggregate costs converted at January 1 of the current calendar year

[1] Newdico purchased the hangar facility from Commercial Holdings (Pty) Ltd. (CHPT) in February 2016. The hangar facility resides on a commercial plot located at the Maun International Airport rented by CHPT from Civil Aviation Authority of Botswana (CAAB). The purchase agreement called for a transfer of the CPHT/CAAB lease to Newdico upon purchase of the hangar facility. The parties all agree to the transfer to take place but to date, the lease transfer has not occurred. The lease has an effective date of January 1, 2016 and continues for 10 years at 8% escalation annually which may be reviewed very three (3) years at market and commercial rates. As at February 1, 2023, the monthly lease payment is 13,710 BWP / month in addition to a fee of 15% of monthly rental for security and general maintenance at the airport complex.

[2] The lease has an effective date of January 1, 2021 and is renewable at the Company's option for an additional 6 years expiring on December 31, 2025. The monthly lease payment is 6,490 BWP increasing 420 BWP annually in each successive year.

[3] The twelve month service agreement has an effective date of February 1, 2023 and is renewable at the company's option for an additional year expiring January 31, 2024. The monthly lease payment is 8,000 BWP/month.

[4] The lease term has an effective date of February 2018. Newdico's obligations under the lease are effective as of October 1, 2020. The lease cost is 29,998 BWP per annum which may be reviewed every five (5) years at market and commercial rates. The lease has a term of fifty (50) years cancelable by either party on six (6) months notice.

13. Litigation

On or about June 30, 2021, the Company's wholly owned Botswana subsidiary, Gcwihaba Resources (Pty) Ltd. (Gcwihaba) submitted prospecting renewal license applications for its Xaudum Iron Formation project in northwest Botswana. Of the then current 7 licenses, two licenses were relinquished in their entirety and 5 were submitted for renewal. Collectively 50% of the combined license area in the 7 licenses was relinquished pursuant to Section(s) 17 and 19 of the Mines and Minerals Act.

Four of the five licenses were renewed as submitted, effective January 1, 2022, while the fifth license, PL020/2018, continued in renewal. It was determined that the license remaining up for renewal is in the buffer zone surrounding the Okavango Delta, a UNESCO World Heritage Property, and that any prospecting activities in that area would be subject to environmental assessment measures.

The Minister of Minerals and Energy informed Gcwihaba that the license would not be renewed if it included any areas located within the buffer zone. The Company has filed a renewed application and has initiated litigation in the belief that no laws or regulations have been broken and that the license should be renewed. Litigation is underway and the outcome of litigation cannot be known at this time.

14. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31	
	2022	2021
Net change in non-cash working capital balances:		
(Increase) decrease in accounts receivable and prepaid expenses	**($ 27,065)**	**$ 24,593**
Increase (decrease) in accounts payable and accrued liabilities	**216,671**	**277,010**
Increase in notes payable for operating activities	**643,337**	**229,287**
Total	**$832,943**	**$530,890**
Non-cash Financing and Investing Activities:		
Issuance of common shares for accounts payable and accrued liabilities	**$ 6,927**	$ 228,449
Issuance of common shares for notes payable	**$ --**	$ 295,616
Reclassification of accounts payable to notes payable	**$ 643,337**	$ (207,735)
Lease assets acquired	**$ --**	$ 27,211
Fair value of options exercised	**$ 18,932**	$ --

15. SUBSEQUENT EVENTS

On January 1, 2023, the company granted 650,000 options exercisable at C$0.20.

On January 2, 2023, 175,000 stock options exercisable at C$0.65 expired.

On March 25, 2023, 450,000 stock options exercisable at C$0.55 expired.

On January 25, 2023, 2,500,941 units were issued at a price of C$0.20 for proceeds to the Company of $368,394 (C$500,188). Each unit includes one common share and one warrant entitling the holder thereof to purchase one common share until the close of business on January 25, 2025 at USD $0.20.