



**NORTHERNSHIELD**  
RESOURCES INC.

*(An Exploration Stage Company)*

***Condensed Interim Consolidated Financial Statements***

(unaudited and expressed in Canadian Dollars)

*For the three and nine-month periods ended September 30, 2023, and 2022*

[Note: an auditor has not reviewed these unaudited interim financial statements]



## **Condensed Interim Consolidated Financial Statements**

For the three and nine-month periods ended September 30, 2023, and 2022  
*(unaudited and expressed in Canadian Dollars)*

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**NORTHERN SHIELD RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
as at September 30, 2023 and December 31, 2022  
*(unaudited and expressed in Canadian Dollars)*

	<i>As at</i>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>CURRENT ASSETS</b>			
Cash	\$	284,546	\$ 216,977
Amounts receivable		40,635	17,924
Subscriptions receivable		100,000	-
Prepaid expenses		120,230	104,344
		<b>545,411</b>	<b>339,245</b>
Investment in shares		833	833
Exploration and evaluation assets (Note 3)		5,631,829	5,377,516
Property and equipment (Note 4)		42,683	49,923
	<b>\$</b>	<b>6,220,756</b>	<b>\$ 5,767,517</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	517,890	\$ 450,860
Deferred flow-through premium liability (Note 5)		163,391	110,652
		<b>681,281</b>	<b>561,512</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 6)		33,607,779	32,820,663
Reserves		4,737,883	4,562,838
Deficit		(32,806,187)	(32,177,496)
		<b>5,539,475</b>	<b>5,206,005</b>
	<b>\$</b>	<b>6,220,756</b>	<b>\$ 5,767,517</b>

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

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

APPROVED BY THE BOARD

/s/ Ian C. Bliss

Director

/s/ Russell M. Richards

Director



**NORTHERN SHIELD RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Comprehensive Loss**  
**for the three and nine-month periods ended September 30, 2023 and 2022**  
*(unaudited and expressed in Canadian Dollars)*

	<b>September 30, 2023</b>	September 30, 2022	<b>September 30, 2023</b>	September 30, 2022
	<b>(3 months) (Unaudited)</b>	(3 months) (Unaudited)	<b>(9 months) (Unaudited)</b>	(9 months) (Unaudited)
Expenses				
Property write-downs (Note 3)	\$ -	\$ -	\$ -	\$ 8,994
General and administrative (Note 8)	<b>373,577</b>	164,695	<b>678,021</b>	427,690
Loss before other income (expenses)	<b>373,577</b>	164,695	<b>678,021</b>	436,684
Other income (expenses)				
Government assistance (Note 10)	-	-	-	405
Recognition of flow-through share premium liability (Note 6)	<b>11,660</b>	-	<b>49,330</b>	-
Gain on sale of property and equipment	-	2,754	-	3,065
Interest income	-	-	-	7
Loss before income taxes	<b>361,917</b>	161,941	<b>628,691</b>	433,207
Income taxes	-	-	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 361,917</b>	\$ 161,941	<b>\$ 628,691</b>	\$ 433,207
Weighted average common shares outstanding	<b>78,495,308</b>	58,336,705	<b>73,068,878</b>	58,336,705
Basic and diluted loss per share (Note 7)	<b>\$ 0.00</b>	\$ 0.00	<b>\$ 0.01</b>	\$ 0.01

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



**NORTHERN SHIELD RESOURCES INC.**  
**(An Exploration Stage Company)**  
Condensed Interim Statements of Changes in Equity  
for the nine-month periods ended September 30, 2023 and 2022  
*(unaudited and expressed in Canadian dollars)*

	<b>Share Capital</b>		<b>Reserves</b>		Deficit	<b>Total</b>
	Number of Shares	Amount	Share-based Payments	Warrants		
<b>Balance at January 1, 2022</b>	<b>58,336,705</b>	<b>\$ 32,441,153</b>	<b>\$ 4,463,423</b>	<b>\$ 38,836</b>	<b>\$ (31,567,443)</b>	<b>\$ 5,375,969</b>
Share issue costs	-	(2,500)	-	-	-	(2,500)
Expiry of warrants	-	7,933	-	(7,933)	-	-
Loss for the period	-	-	-	-	(433,207)	(433,207)
<b>Balance at September 30, 2022</b>	<b>58,336,705</b>	<b>32,446,586</b>	<b>4,463,423</b>	<b>30,903</b>	<b>(32,000,650)</b>	<b>4,940,262</b>
Shares issued for property option	900,000	36,000	-	-	-	36,000
Shares issued for cash	4,100,000	205,000	-	-	-	205,000
Shares issued by flow-through placement	5,010,770	325,700	-	-	-	325,700
Allocation of value to warrants	-	(66,054)	-	66,054	-	-
Flow-through premium liability	-	(100,215)	-	-	-	(100,215)
Share issue costs	-	(26,354)	-	2,458	-	(23,896)
Loss for the period	-	-	-	-	(176,846)	(176,846)
<b>Balance at December 31, 2022</b>	<b>68,347,475</b>	<b>32,820,663</b>	<b>4,463,423</b>	<b>99,415</b>	<b>(32,177,496)</b>	<b>5,206,005</b>
Shares issued for property option	1,600,000	81,000	-	-	-	81,000
Shares issued for cash	7,950,000	467,500	-	-	-	467,500
Shares issued by flow-through placement	4,236,616	317,380	-	-	-	317,380
Flow-through premium liability	-	(102,069)	-	-	-	(102,069)
Share issue costs	-	(7,598)	-	1,848	-	(5,750)
Expiry of warrants	-	30,903	-	(30,903)	-	-
Share-based compensation	-	-	204,100	-	-	204,100
Loss for the period	-	-	-	-	(628,691)	(628,691)
<b>Balance at September 30, 2023</b>	<b>82,134,091</b>	<b>\$ 33,607,779</b>	<b>\$ 4,667,523</b>	<b>\$ 70,360</b>	<b>\$ (32,806,187)</b>	<b>\$ 5,539,475</b>

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



**NORTHERN SHIELD RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
for the nine-month periods ended September 30, 2023 and 2022  
*(unaudited and expressed in Canadian Dollars)*

	<b>September 30, 2023</b>	September 30, 2022
	<b>(9 months)</b>	(9 months)
	<b>(Unaudited)</b>	(Unaudited)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS RELATED TO THE FOLLOWING ACTIVITIES:		
<b>OPERATING</b>		
Net loss	\$ (628,691)	\$ (433,207)
Items not affecting cash		
Amortization - administrative	3,225	3,701
Stock-based compensation	204,100	-
Recognition of flow-through premium	52,739	-
Property write-down	-	8,994
Changes in non-cash operating working capital items:		
Amounts receivable	(22,711)	-
Subscription receivable	-	140,900
Prepaid expenses	(15,886)	(855)
Accounts payable and accrued liabilities	56,765	179,359
	<b>(350,459)</b>	<b>(101,108)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditures on mineral properties	(159,033)	(147,032)
Disposal/(acquisition) of property & equipment	-	(614)
	<b>(159,033)</b>	<b>(147,646)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital, net of issuance costs	577,061	(2,500)
	<b>577,061</b>	<b>(2,500)</b>
<b>NET CASH AND CASH EQUIVALENTS INFLOW</b>	<b>67,569</b>	<b>(251,254)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>216,977</b>	<b>301,621</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 284,546</b>	<b>\$ 50,367</b>

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



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Shield Resources Inc. (the "Company" or "Northern Shield"), an exploration and evaluation stage company, incorporated under the *Canada Business Corporations Act*, is a natural resource company engaged in the business of identifying, acquiring, and exploring mineral properties located primarily in Eastern Canada.

The Company's head office is situated at 150 Elgin St, 10<sup>th</sup> Floor, Ottawa, Ontario. The Company's shares trade on the TSX Venture Exchange under the symbol NRN.

The Company has not yet determined whether any of their properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development of the properties, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

As Northern Shield does not have an interest in revenue-producing properties, the Company has no operating income or earnings and, as such, its net loss may not be a meaningful indicator of its performance or potential. Exploration activities and the Company's expenses are financed by the periodic issuance of common shares and other equity securities.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Currently, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, results of operations and the timing of proposed transactions.

#### *Going concern*

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. At September 30, 2023, the Company had accumulated losses of \$32,806,187. For the nine-month period then ended had incurred a loss of \$628,691 and negative operating cash flows of \$350,459.

These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise additional financing. Should this financing not materialize and profitable operations ultimately not be attained, this may cast doubt as to the Company's ability to continue as a going concern. Actual realization values may be substantially different from carrying values as shown in the financial statements and the Company's ability to discharge its liabilities in the normal course of business may be in doubt should the Company be unable to continue as a going concern.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### ***Statement of Compliance***

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Board of Directors authorized these Financial Statements for issue on November 29, 2023.

#### ***Basis of Preparation***

These Financial Statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### ***Basis of Consolidation***

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary Seabourne Resources Inc. All intercompany balances and transactions are eliminated upon consolidation.

#### ***Use of Judgments and Estimates***

In preparing these interim financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2022.

#### ***Significant Accounting Policies***

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 2 of the financial statements for the year ended December 31, 2022. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 3. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the exploration expenditures incurred on each of the Company's mineral properties:

	QC <u>Idefix</u>	NS <u>Shot Rock</u>	NL <u>Root&amp;Cellar</u>	NL <u>Merasheen</u>	NL <u>Zuleika</u>	<u>Other</u>	<u>Total</u>
<i>Percent Ownership</i>	100%	88.5%	0%	100%	0%	100%	
<b>At January 1, 2022</b>	\$ -	\$ 3,357,112	\$ 1,522,738	\$ 226,457	\$ -	\$ 8,994	\$ 5,115,301
Expenditures							
Acquisition	2,431	-	52,992	-	26,000	-	81,423
Exploration	-	28,135	161,501	150	-	-	189,786
Total Expenditures	2,431	28,135	214,493	150	26,000	-	271,209
Property write-down	-	-	-	-	-	(8,994)	(8,994)
<b>At December 31, 2022</b>	\$ 2,431	\$ 3,385,247	\$ 1,737,231	\$ 226,607	\$ 26,000	\$ -	\$ 5,377,516
Expenditures							
Acquisition	3,496	-	83,230	-	-	-	86,726
Exploration	-	11,301	156,286	-	-	-	167,587
Total Expenditures	3,496	11,301	239,516	-	-	-	254,313
<b>At September 30, 2023</b>	\$ 5,927	\$ 3,396,548	\$ 1,976,747	\$ 226,607	\$ 26,000	\$ -	\$ 5,631,829

#### *Shot Rock (Gold-Silver)*

During the year ended December 31, 2017, the Company entered into a property exploration option agreement with a prospector that gives the Company the right to acquire up to an 80% interest in the Shot Rock Au-Ag property in Nova Scotia.

During the year ended December 31, 2019, the Company earned a 50% interest in the property by making cash payments totaling \$50,000, issuing the prospector 650,000 shares and by incurring \$500,000 in expenditures on the property.

During the year ended December 31, 2020, the Company increased its interest to 80% by incurring an additional \$1,500,000 in expenditures, making an additional \$50,000 cash payment, and issuing an additional 500,000 shares to the prospector.

During the year ended December 31, 2020, the Company also incurred a further \$451,704 of expenditures, increasing its interest further to 85.5% as the prospector did not contribute to exploration.

During the year ended December 31, 2021, the Company incurred a further \$884,061 of expenditures, increasing its interest further to 88.5% as the prospector did not contribute to exploration.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
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### 3. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2022, the Company incurred a further \$28,135 of expenditures, its interest remaining at 88.5%, as the prospector did not contribute to exploration.

During the nine-month period ended September 30, 2023, the Company incurred a further \$11,301 of expenditures, its interest rising to 88.6%, as the prospector did not contribute to exploration.

The prospector will retain a 1% net smelter returns royalty ("NSR") of which half (0.5%) can be bought back by the Company for \$1,000,000.

#### *Root & Cellar (Gold-Silver-(Copper))*

During the year ended December 31, 2019, the Company entered into a property exploration option agreement with a prospector that gives the Company the right to acquire up to an 100% interest in the Root & Cellar Au-Ag-(Cu) property in Newfoundland.

Under the terms of the agreement, the Company can earn a 100% interest in the property by incurring \$2,150,000 in expenditures on the property within four years. The agreement also contains cash payments totaling \$165,000 (of which, \$70,000 has been paid) and share issuances totaling 2,200,000 shares to the prospector over three installments during the initial two-year period, all of which have been issued.

The prospector will retain a 2.5% NSR of which 1.0% can be bought back by the Company for \$1,500,000.

#### *Merasheen (Gold-Silver-(Lead-Zinc))*

During the year ended December 31, 2020, the Company acquired two licences through staking and, through an option agreement, acquired the right to earn a 100% interest in an adjacent licence, known collectively as the Merasheen Au-Ag-(Pb-Zn) property in Newfoundland.

Under the terms of the agreement, the Company could earn a 100% interest in the license by incurring \$2,000,000 in expenditures within four years. The agreement also contains cash payments totalling \$115,000 (of which \$5,000 was paid) and share issuances totalling 320,000 Company shares (of which 30,000 were issued) over the same four-year period. The company chose not to meet either the cash or the shares requirements during the years ended December 31, 2021, and 2022, choosing not to pursue the license.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 3. EXPLORATION AND EVALUATION ASSETS (continued)

#### Zuleika (Gold-Silver-(Nickel))

During the year ended December 31, 2022, the Company entered into a property exploration option agreement with a prospector that gives the Company the right to acquire up to an 100% interest in the Zuleika Au-Ag-(Ni) property in Newfoundland.

Under the terms of the agreement, the Company can earn a 100% interest in the property by incurring \$2,150,000 in expenditures on the property within four years. The agreement also contains cash payments totaling \$205,000 (of which, \$10,000 has been paid) and share issuances totaling 3,500,000 shares (of which, 400,000 have been issued) to the vendor over the four-year period.

The prospector will retain a 3.0% NSR of which 1.0% can be bought back by the Company for \$1,500,000.

### 4. PROPERTY AND EQUIPMENT

	Field Equipment	Furniture/ Fixtures	Office Equipment	Right-of-Use Asset	Computer Software	Total
<b>Cost</b>						
<b>January 1, 2022</b>	\$ 224,184	\$ 29,980	\$ 139,639	\$ 83,490	\$ 45,658	\$ 522,951
Additions/(Disposals)	(746)	(2,039)	3,399	-	-	614
<b>December 31, 2022</b>	223,438	27,941	143,038	83,490	45,658	523,565
Additions/(Disposals)	-	-	-	-	-	-
<b>September 30, 2023</b>	\$ 223,438	\$ 27,941	\$ 143,038	\$ 83,490	\$ 45,658	\$ 523,565
<b>Accumulated Amortization</b>						
<b>January 1, 2022</b>	\$ (188,775)	\$ (27,834)	\$ (117,550)	\$ (83,490)	\$ (44,575)	\$ (462,224)
Amortization	(6,513)	(107)	(4,349)	-	(449)	(11,418)
<b>December 31, 2022</b>	(195,288)	(27,941)	(121,899)	(83,490)	(45,024)	(473,642)
Amortization	(4,015)	-	(3,016)	-	(209)	(7,240)
<b>September 30, 2023</b>	\$ (199,303)	\$ (27,941)	\$ (124,915)	\$ (83,490)	\$ (45,233)	\$ (480,882)
<b>Carrying Values</b>						
<b>December 31, 2022</b>	\$ 28,150	\$ -	\$ 21,139	\$ -	\$ 634	\$ 49,923
<b>September 30, 2023</b>	\$ 24,135	\$ -	\$ 18,123	\$ -	\$ 425	\$ 42,683

Exploration-related asset amortization of \$4,015 was allocated to mineral properties during the nine-month period ended September 30, 2023 (2022 - \$5,031).



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 5. DEFERRED FLOW-THROUGH PREMIUM LIABILITY

This amount represents the deferred flow-through premium liability recognized on flow-through share issuances that will be recorded as other income as the flow-through funds raised are expended on exploration.

The following is a continuity of the flow-through premium liability:

<b>Balance at January 1, 2022</b>	<b>\$ 20,028</b>
Additions to flow-through premium liability	100,215
Settlement of liability through qualified expenditures	(9,591)
<b>Balance at December 31, 2022</b>	<b>110,652</b>
Additions to flow-through premium liability	102,069
Settlement of liability through qualified expenditures	(49,330)
<b>Balance at September 30, 2023</b>	<b>\$ 163,391</b>

As at September 30, 2023, the Company is obligated to spend approximately \$535,000 (December 31, 2022 – \$377,000) on qualifying expenditures related to its flow-through shares issuances.

### 6. SHARE CAPITAL

#### *Authorized and Issued*

An unlimited number of voting common shares are authorized for issue and, subject to priority rights of other share classes, are entitled to receive dividends when and if declared by the Board of Directors. There were 82,134,091 voting common shares issued and outstanding at September 30, 2023 (68,347,475 at December 31, 2021).

An unlimited number of preferred shares are authorized for issue in series. There were no preferred shares issued at September 30, 2023 (none at December 31, 2022).

#### *Property Options*

During the nine-month period ended September 30, 2023, 1,600,000 shares were issued as consideration for maintaining certain property options. The shares were valued at \$81,000.

#### *Private Placements*

During the nine-month period ended September 30, 2023, the company issued 1,250,000 units at \$0.05 per unit for gross proceeds of \$62,500. Each unit consisted of one common share and one common share purchase warrant.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
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### 6. SHARE CAPITAL (continued)

The Company also issued 1,500,000 units at \$0.05 per unit for gross proceeds of \$75,000. Each unit consisted of one common share and one common share purchase warrant.

The Company also issued 3,800,000 units at \$0.05 per unit for gross proceeds of \$190,000. Each unit consisted of one common share and one common share purchase warrant.

The Company also issued 400,000 units at \$0.10 per unit for gross proceeds of \$40,000. Each unit consisted of one common share and one common share purchase warrant.

The Company also issued 1,000,000 units at \$0.10 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one common share purchase warrant.

#### *Flow-Through Private Placements*

During the nine-month period ended September 30, 2023, the Company issued 384,616 flow-through share units at \$0.065 per unit for gross proceeds of \$25,000. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on date of issuance of \$5,769 was recorded as deferred flow-through share premium liability.

The Company also issued 3,152,000 flow-through share units at \$0.065 per unit for gross proceeds of \$204,880. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on date of issuance of \$78,800 was recorded as deferred flow-through share premium liability.

The Company also issued 700,000 flow-through share units at \$0.065 per unit for gross proceeds of \$87,500. Each unit consisted of one flow-through common share and one-half common share purchase warrant. The difference between the issue price of the shares and market value on date of issuance of \$17,500 was recorded as deferred flow-through share premium liability.

#### *Share Issue Costs*

During the nine-month period ended September 30, 2023, a total of \$7,598 of share issue expenses were incurred (2022 – nil). This amount included the issuance of 70,000 finders warrants with a value of \$1,400 estimated using the Black-Scholes option pricing model, with an estimated volatility of 85%, dividend rate of 0% and risk-free rate of 3.7% and expected life of 2 years, and a further 14,000 finders warrants with a value of \$448 estimated using the Black-Scholes option pricing model, with an estimated volatility of 93%, dividend rate of 0% and risk-free rate of 4.5% and expected life of 2 years

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 6. SHARE CAPITAL (continued)

#### Warrants

The following continuity summarizes the Company's outstanding warrants over the period covered by these Financial Statements:

	<u>Quantity</u>	<u>Weighted Average Exercise Price</u>
<b>Balance, January 1, 2022</b>	<b>5,502,855</b>	<b>\$ 0.69</b>
Issued	6,956,139	0.11
Expired	(4,807,272)	<b>0.72</b>
<b>Balance, December 31, 2022</b>	<b>7,651,722</b>	<b>0.15</b>
Issued	10,152,308	<b>0.12</b>
Expired	(695,583)	<b>0.50</b>
<b>Balance, September 30, 2023</b>	<b>17,108,447</b>	<b>\$ 0.12</b>

Additional information regarding warrants outstanding as at September 30, 2022:

<u>Issue Date</u>	<u>Exercise Price</u>	<u>Quantity</u>	<u>Expiry Date</u>
November 24, 2022	\$ 0.125	2,856,139	November 24, 2024
November 24, 2022	\$ 0.10	4,100,000	November 24, 2024
March 21, 2023	\$ 0.10	1,320,000	March 21, 2025
April 6, 2023	\$ 0.10	1,500,000	April 6, 2025
April 6, 2023	\$ 0.125	192,308	April 6, 2025
July 19, 2023	\$ 0.10	3,800,000	July 19, 2025
August 3, 2023	\$ 0.125	1,576,000	August 3, 2025
September 12, 2023	\$ 0.20	1,400,000	September 12, 2025
September 12, 2023	\$ 0.22	364,000	September 12, 2025
		<b>17,108,447</b>	

#### Stock Options

The Company has established a Stock Option Plan (the "Plan") to develop the interest and incentive of eligible employees, directors and consultants in the Company's growth and development. The aggregate number of share options which may be issued and outstanding at any time under this plan shall not exceed 10% of the total number of issued and outstanding shares of the Company unless the Company receives the permission of the TSX Venture Exchange and its shareholders. As at September 30, 2023, 8,213,409 common share options were authorized to be issued and outstanding under the Plan (December 31, 2022 – 6,834,748). Stock options are granted with an exercise price equal to the underlying common stock's fair value at the time of grant. Once vested, options may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination if the option holder ceases to be a director, officer, employee, or consultant of the Company.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 6. SHARE CAPITAL (continued)

The following summarizes the Company's outstanding option obligations over the period covered by these Financial Statements:

	<u>Quantity</u>	<u>Weighted Average Exercise Price</u>
<b>Balance, January 1, 2022</b>	<b>1,930,000</b>	<b>\$ 0.50</b>
Expired	(1,120,000)	0.50
<b>Balance, December 31, 2022</b>	<b>810,000</b>	<b>0.50</b>
Issued	6,280,000	0.50
Expired	(100,000)	0.50
<b>Balance, September 30, 2023</b>	<b>6,990,000</b>	<b>\$ 0.16</b>

At September 30, 2023, the remaining pool of options available for grant was 6,598,209 (December 31, 2022 – 6,024,748).

Additional information regarding options outstanding at September 30, 2023:

Issue Date	Exercise Price	Quantity	Expiry Date	Exercisable
June 25, 2019	\$ 0.50	680,000	June 25, 2024	680,000
January 15, 2020	\$ 0.50	30,000	January 15, 2025	30,000
August 8, 2023	\$ 0.50	6,280,000	August 8, 2028	6,280,000
		<u>6,990,000</u>		<u>6,990,000</u>

#### Share-based Compensation

The Black-Scholes option pricing model, used by the Company to calculate option values, was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's option awards. These models require subjective assumptions, including future stock price volatility and expected time until exercise, which affect calculated values, summarized in the table below.

<u>Assumptions</u>	<u>2023</u>	<u>2022</u>
Lifetime	5 years	N/A
Interest Rate	4.0	N/A
Annual Volatility	102%	N/A
Dividends	none	N/A

During the nine-month period ended September 30, 2023, the Company incurred an expense of \$204,100 relating to options granted and vested during the period (2022 – nil).



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 7. LOSS PER SHARE

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. As the Company has recorded a loss in each of the periods presented, the following table presents the securities excluded from the loss per share computation for the nine-month periods ended September 30:

	2023	2022
Stock options	6,990,000	1,390,000
Stock purchase warrants	17,108,447	4,769,523
	<b>24,098,447</b>	6,699,523

### 8. NATURE OF EXPENSES

General and administrative expenses comprised the following during the nine-month periods ended September 30:

	2023	2022
Remuneration and consulting fees (Note 10)	\$ 202,959	\$ 211,764
Office expenses	25,301	58,073
Travel expenses	10,749	1,998
Marketing expenses	88,323	8,385
Professional fees (Note 10)	91,250	83,679
Public company expenses	29,904	39,250
Insurance expenses	22,429	20,840
Amortization (Note 4)	3,006	3,701
	<b>473,921</b>	<b>427,690</b>
Share-based compensation (Note 6)	204,100	-
	<b>\$ 678,021</b>	<b>\$ 427,690</b>

### 9. RELATED PARTY TRANSACTIONS

#### *Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.



## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

### 9. RELATED PARTY TRANSACTIONS (continued)

The following table presents the compensation earned by key members of management during the nine-month periods ended September 30, noted below:

	2023	2022
Salaries	\$ 180,156	\$ 179,546
Benefits	4,956	4,956
Share-based compensation	61,750	-
	\$ 246,862	\$ 184,502

The following table presents the professional fees incurred during the nine-month periods ended September 30 and any amounts owed to at the end of each period, a law firm at which the Company's corporate secretary is a partner.

	2023	2022
Professional fees incurred	47,693	29,189
Amounts owed	32,614	96,419

### 10. GOVERNMENT ASSISTANCE

No government assistance was received during the nine-month period ended September 30, 2023 (2022 - \$405).

### 11. SEGMENT INFORMATION

The Company has one operating segment involved in the exploration of resource properties. All the Company's exploration activities were in Canada.

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Market Risk*

Market risk is the risk that changes in market prices, such as equity prices, interest rates and foreign exchange rates will affect the Company's income (loss) or the value of its financial instruments.

#### *Interest Rate Risk*

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

#### *Foreign Exchange Risk*

The Company is not exposed to significant foreign exchange risk due to the low volume of foreign currency transactions.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended September 30, 2023, and 2022  
(unaudited and expressed in Canadian Dollars)

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### *Credit Risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's unbilled receivables.

##### *a) Concentration of Credit Risk*

Counterparties expose the Company to credit-related losses in the event of non-performance. By dealing with only creditworthy counterparties, the Company's credit exposure is minimized. There were no amounts due to the Company from non-governmental counterparties at September 30, 2023.

##### *b) Credit Risk Exposure*

The carrying amounts of the cash, amounts receivable, and subscriptions receivable represent the maximum exposure to credit risk. The maximum exposure to credit risk at September 30, 2023 was \$425,181 (December 31, 2022 - \$234,901). The cash is held by the Company's banks, two of the large Canadian chartered banks. Since the inception of the Company, no losses have been suffered in relation to cash held in the bank.

#### *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's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had a cash balance of \$284,546. To date, the Company has incurred significant operating losses. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient capital through either revenues or through further financings. The Company is exposed to liquidity risk.

#### *Fair Values*

- a) The fair value of amounts receivable, accounts payable and accrued liabilities and lease liability is approximately equal to their carrying value due to their short terms to maturity.
- b) Fair Value Hierarchy

Financial instruments recorded at fair value on the Consolidated Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

## **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine-month periods ended September 30, 2023, and 2022  
*(unaudited and expressed in Canadian Dollars)*

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### **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of the investment in shares is determined based on recent market transactions for similar instruments issued by that company. Cash and the investment in shares are level 1 instruments.

### **13. CAPITAL MANAGEMENT**

The Company aims to maintain a strong capital base to maintain investor, creditor and market confidence, to fund future exploration and maintain the ability to continue as a going concern. Capital is defined as the Company's shareholders' equity. The Company does not have any long-term debt and the Company does not intend to assume any until any given development project warrants it. The Board of Directors does not establish quantitative capital criteria for management; but rather promotes the use of periodic equity financing events as the primary method of funding administrative operations and exploration and development. Other methods open to management to fund exploration include extending joint venture or earn-in opportunities to other parties relating to specific properties.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

### **14. SUBSEQUENT EVENTS**

Subsequent to the period ending September 30<sup>th</sup>, 2023, the Company received notification that the Notice of Objection which it had filed with Revenue Quebec in August 2023 has been received. An agent from Revenue Quebec was assigned to the file on or about November 24, 2023. Northern Shield is objecting to Notices of Assessment relating to its 2017 and 2018 taxation years, assessments which were never received by the Company at the time. The Company believes the matter will now be resolved in a timely manner.