GOLDSHORE RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2023 and 2022

In Canadian Dollars

GOLDSHORE RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(in Canadian Dollars) (Unaudited)
As at,

		June 30, 2023		March 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	$	4,589,515	$	1,237,564
Amounts receivable (Note 5)		234,041		241,684
Prepaid expenses and deposits		351,641		366,281
		5,175,197		**1,845,529**
Exploration and evaluation assets (Note 6)		87,202,710		85,423,172
Right-of-use assets and equipment (Note 7)		305,632		326,650
Long-term deposits		1,106		3,765
TOTAL ASSETS	**$**	**92,684,645**	**$**	**87,599,116**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 8 and 12)	$	879,366	$	1,797,116
Current portion of lease liabilities (Note 9)		77,712		81,607
Current portion of flow-through premium liability (Note 10)		433,260		155,437
		1,390,338		**2,034,160**
Non-current portion of lease liabilities (Note 9)		224,094		238,177
Deferred income tax liability		11,974,000		11,503,000
TOTAL LIABILITIES		**13,588,432**		**13,775,337**
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		79,336,654		73,064,469
Obligation to issue shares (Note 6)		15,000,000		15,000,000
Reserve (Note 11)		6,956,876		6,988,707
Accumulated deficit		(22,197,317)		(21,229,397)
TOTAL SHAREHOLDERS' EQUITY		**79,096,213**		**73,823,779**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**92,684,645**	**$**	**87,599,116**

Nature and continuance of operations and going concern (Note 1)
Subsequent event (Note 16)

These financial statements were authorized for issue by the Board of Directors on August 28, 2023. They are signed on behalf of the Board of Directors by:

"Brett Richards"
CEO and Director

"Joanna Pearson"
Director

GOLDSHORE RESOURCES INC.
Condensed Consolidated Interim Statements of Loss (Income) and Comprehensive Loss (Income)
(in Canadian Dollars - unaudited)

		For the three months ended June 30, 2023		For the three months ended June 30, 2022
EXPENSES				
Amortization expense (Note 7)	$	21,018	$	24,708
Consulting fees (Note 12)		106,879		145,500
General and administrative costs (Note 12)		88,621		57,012
Professional fees		90,029		48,910
Regulatory and transfer agent fees		27,590		37,784
Shareholder information and investor relations		378,777		346,678
Stock-based compensation expense (Notes 11 and 12)		387,793		775,177
Travel		118,718		10,646
	$	1,219,425	$	1,446,415
OTHER ITEMS				
Interest expense (Note 9)		7,939		5,977
Interest and other income		(46,356)		(49,277)
Loss on debt settlement (Note 11)		380,144		-
Recovery of flow-through premium (Note 10)		(248,938)		(697,397)
LOSS BEFORE INCOME TAXES	$	1,312,214	$	705,718
Deferred income tax expense (recovery)		471,000		(1,278,000)
LOSS (INCOME) AND COMPREHENSIVE LOSS (INCOME) FOR THE PERIOD	$	1,783,214	$	(572,282)
Basic and diluted loss (earnings) per share for the period	$	0.01	$	(0.00)
Weighted average number of common shares outstanding – basic and diluted		201,478,383		134,755,436

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

GOLDSHORE RESOURCES INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(in Canadian Dollars - unaudited)

	Share Capital					
	Number of shares	Amount	Obligation to issue shares	Reserve	Accumulated deficit	Total
Balance, March 31, 2022	**115,458,038**	**$ 54,937,379**	**$ 20,000,000**	**$ 3,858,977**	**$ (14,226,042)**	**$ 64,570,314**
Shares issued for private placements (Note 11)	18,485,232	9,768,091	-	731,909	-	10,500,000
Flow-through premium (Notes 10 and 11)	-	(1,257,385)	-	-	-	(1,257,385)
Share issuance costs (Note 11)	-	(977,857)	-	221,696	-	(756,161)
Stock-based compensation (Note 11)	-	-	-	775,177	-	775,177
Shares issued for mineral property (Note 6)	8,333,333	5,000,000	(5,000,000)	-	-	-
Income and comprehensive income for the period	-	-	-	-	572,282	572,282
Balance, June 30, 2022	**142,276,603**	**67,470,228**	**15,000,000**	**5,587,759**	**(13,653,760)**	**74,404,227**
Balance, March 31, 2023	**167,851,703**	**73,064,469**	**15,000,000**	**6,988,707**	**(21,229,397)**	**73,823,779**
Shares issued for private placements (Note 11)	37,489,643	6,900,000	-	-	-	6,900,000
Flow-through premium (Notes 10 and 11)	-	(526,761)	-	-	-	(526,761)
Share issuance costs (Note 11)	-	(825,511)	-	226,826	-	(598,685)
Shares issued for debt settlement (Note 11)	3,018,572	724,457	-	168,844	-	893,301
Fair value of expired options (Note 11)	-	-	-	(815,294)	815,294	-
Stock-based compensation (Note 11)	-	-	-	387,793	-	387,793
Loss and comprehensive loss for the period	-	-	-	-	(1,783,214)	(1,783,214)
Balance, June 30, 2023	**208,359,918**	**$ 79,336,654**	**$ 15,000,000**	**$ 6,956,876**	**$ (22,197,317)**	**$ 79,096,213**

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

GOLDSHORE RESOURCES INC.
Condensed Consolidated Interim Statements of Cash Flows
(in Canadian Dollars - unaudited)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Cash flows provided by (used in):		
OPERATING ACTIVITIES		
(Loss) income for the period	$ (1,783,214)	$ 572,282
Non-cash items:		
Amortization and interest expense	28,957	30,685
Stock-based compensation expense	387,793	775,177
Loss on debt settlement (Note 11)	380,144	-
Recovery of flow-through premium	(248,938)	(697,397)
Deferred income tax expense	471,000	(1,278,000)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	22,283	(607,979)
Accounts payable and accrued liabilities	(620,909)	(739,220)
Cash flows used in operating activities	(1,362,884)	(1,944,452)
INVESTING ACTIVITIES		
Mineral property acquisition, exploration and long-term deposits	(1,560,563)	(7,995,581)
Cash flows used in investing activities	(1,560,563)	(7,995,581)
FINANCING ACTIVITIES		
Proceeds from private placements	6,900,000	10,500,000
Share issuance costs	(598,685)	(756,161)
Repayment of lease obligations	(25,917)	(26,685)
Cash flows provided by financing activities	6,275,398	9,717,154
Change in cash and cash equivalents	3,351,951	(222,879)
Cash and cash equivalents, beginning of period	1,237,564	12,105,759
Cash and cash equivalents, end of period	$ 4,589,515	$ 11,882,880
Supplemental cash flow information:		
Exploration and evaluation asset costs in accounts payable and accrued liabilities	$ 732,313	$ 588,622
Fair value of replacement compensation options	-	-
Increase in flow-through premium liability	526,761	1,257,385
Fair value of shares issued for exploration and evaluation assets	-	5,000,000
Fair value of compensation and advisory options (Note 11)	226,826	221,696
Fair value of units issued for debt settlement (Note 11)	893,301	-
Fair value of warrant component of equity units	-	731,909
Right of use asset/liability additions	-	76,535
Taxes paid	-	-

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Goldshore Resources Inc. (the "Company") is a gold focused Canadian exploration company. The Company's head office is located at 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 and its registered and records office is at 401 – 353 Water Street, Vancouver, British Columbia, V6B 1B8. The Company is a mineral exploration company focused on the acquisition and evaluation of precious metal mineral properties in Canada, and currently holds title to the Moss Gold Project and Hillcrest Project, and an option to earn into the Iris Lake and Vanguard Project, located in Ontario, Canada.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. As at June 30, 2023, the Company's current assets exceeded its current liabilities by $3,784,859 and the Company had an accumulated deficit of $22,197,317. The Company is actively seeking strategic or financing alternatives to manage current and projected future cash flows until such time as the Company is profitable. The Company's ability to continue as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The business of mining and exploration involves a high degree of risk and there can be no assurance that management's plans will be successful. The Company currently is not generating any revenue. Whether and when the Company can obtain profitability and positive cash flows from its operations is uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements 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. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of IFRS Interpretations Committee ("IFRIC").

Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"), which are stated at their fair value.

Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Moss Lake Project Inc. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Presentation and functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. All amounts in these condensed consolidated interim financial statements are expressed in Canadian dollars, unless otherwise indicated.

<u>Significant accounting judgments</u>

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Key sources of estimation uncertainty

Valuation of stock-based compensation and compensation options

The Company uses the Black-Scholes option pricing model for the valuation of stock-based compensation and compensation options. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, forfeiture rate, risk-free market interest rate, expected volatility in the price of the underlying stock and expected life of the instruments. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Flow-Through Premium Liability

Pursuant to the terms of the flow-through share agreements, flow-through shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying exploration expenditures being incurred, the Company derecognizes the liability on a pro-rata basis and recognizes a recovery for the amount of tax reduction renounced to the shareholders.

Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended March 31, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

(in Canadian Dollars - unaudited)

The amendments were applied effective April 1, 2023 and did not have a material impact on the Company's condensed consolidated interim financial statements.

4. CASH AND CASH EQUIVALENTS

At June 30, 2023 and March 31, 2023, the Company's cash and cash equivalents were comprised of the following:

		June 30, 2023		March 31, 2023
Cash held in bank accounts	**$**	**119,326**	$	1,237,564
Cash equivalents		**4,470,189**		-
Total	**$**	**4,589,515**	$	1,237,564

Cash equivalents are held in cashable guaranteed investment certificates with an interest rate of 4.55%-4.90%.

5. AMOUNTS RECEIVABLE

The Company's amounts receivable is comprised of the following:

		June 30, 2023		March 31, 2023
GST receivable	**$**	**173,415**	$	181,207
Other receivables (Note 12)		**60,626**		60,477
Total	**$**	**234,041**	$	241,684

6. EXPLORATION AND EVALUATION ASSETS

		Moss Gold Project		Other Projects	Total
Property acquisition costs					
Balance, March 31, 2022	$	52,055,250	$	-	$ 52,055,250
Additions		-		91,000	91,000
Balance, March 31, 2023	$	52,055,250	$	91,000	$ 52,146,250
Additions		-		19,500	19,500
Balance, June 30, 2023	$	52,055,250	$	110,500	$ 52,165,750
Exploration and evaluation costs					
Balance, March 31, 2022	$	9,215,166	$	-	$ 9,215,166
Camp costs		893,385		-	893,385
Consulting and salaries		5,507,910		-	5,507,910
Database management		117,576		-	117,576
Drilling		11,854,957		-	11,854,957
Geochemistry and geophysics		4,587,956		229,053	4,817,009
Other costs		870,919		-	870,919
Balance, March 31, 2023	$	33,047,869	$	229,053	$ 33,276,922
Camp costs		92,064		-	92,064
Consulting and salaries		1,011,188		-	1,011,188
Technical studies		475,475		-	475,475
Database management		6,393		-	6,393
Drilling		49,136		-	49,136
Geochemistry and geophysics		2,561		-	2,561
Other costs		116,909		6,312	123,221
Balance, June 30, 2023	$	34,801,595	$	235,365	$ 35,036,960
Total, March 31, 2023	**$**	**85,103,119**	**$**	**320,053**	**$ 85,423,172**
Total, June 30, 2023	**$**	**86,856,845**	**$**	**345,865**	**$ 87,202,710**

Moss Gold Project

On January 25, 2021, the Company entered into a purchase agreement with Moss Lake Gold Mines Ltd. and Wesdome Gold Mines Ltd. ("Wesdome") to acquire a 100% interest in the Moss Gold project located in Ontario, Canada (the "Transaction"). In exchange for 100% interest in the project, the Company will:

- Pay $12,500,000 cash to Wesdome upon closing (paid);
- Issue common shares with a fair value equal to the greater of a) $19,500,000 and b) 30% of the issued and outstanding common shares of the Company to Wesdome at closing (issued 30,085,000 common shares);
- Issue $20,000,000 in common shares to Wesdome in the form of milestone payments consisting of:
    - $5,000,000 within 12 months of closing (issued; Note 11);
    - $7,500,000 upon the earlier of (i) the Company completing an updated Preliminary Economic Assessment ("PEA") or pre-feasibility study; and (ii) 30 months from closing; and
    - $7,500,000 upon the earlier of (i) the Company completing a feasibility study, (ii) the date on which the Company makes a development decision on the Moss Gold Project, and (iii) 48 months from closing.
- Grant to Wesdome a 1.00% net smelter royalty ("NSR") on all metal production from the Moss Gold Project. The Company shall have the right to repurchase the NSR for (i) $5,000,000 within 30 months of closing or (ii) $7,500,000 between 30 and 48 months after closing. The NSR buyback shall expire if not exercised within 48 months of closing.
- Grant Wesdome representation on the Company's Board of Directors with two appointees (completed).

The future milestone payments totaling $20,000,000 were recorded as an obligation to issue shares on the consolidated statement of financial position as at March 31, 2022. During the year ended March 31, 2023, the Company issued 8,333,333 common shares to Wesdome with a value of $5,000,000, resulting in remaining future milestone payments totaling $15,000,000.

The Moss Gold Project carries an underlying advanced royalty commitment amounting to $6,250 due quarterly until the project enters production, which was inherited from Wesdome at the time of acquisition, presented as other costs in the table above.

Other Projects

<u>Iris Lake and Vanguard Project</u>

On July 5, 2022, and amended on May 29, 2023, the Company executed an option agreement with Thunder Gold Corp. (formerly White Metal Resources Corp.) ("Thunder Gold") to earn in to certain mining claims held by Thunder Gold in the Shebandowan greenstone belt known as the Iris Lake and Vanguard properties (the "(the "Iris Lake and Vanguard Project"). Key terms of the option agreement are as follows:

1. Total cash payments (CAD$) of an aggregate of $110,000 to Thunder Gold over 3 years, to be paid as follows:
    a. $10,000 within five days of July 6, 2022 (the "Effective Date") (paid);
    b. an additional $20,000 on or before the 12-month anniversary of the Effective Date (paid subsequent to June 30, 2023, Note 16);
    c. an additional $30,000 on or before the 24-month anniversary of the Effective Date; and
    d. an additional $50,000 on or before the 36-month anniversary of the Effective Date.

2. Total share issuance of an aggregate of 1,500,000 common shares of the Company (each, a "Share") (such Shares to be subject to resale restrictions) as follows:
    a. 300,000 Shares within five days of the Effective Date (issued on August 2, 2022 at fair value of $81,000);
    b. an additional 300,000 Shares on or before the 12-month anniversary of the Effective Date (issued subsequent to June 30, 2023, Note 16);
    c. an additional 400,000 Shares on or before the 24-month anniversary of the Effective date; and
    d. an additional 500,000 Shares on or before the 36-month anniversary of the Effective Date.

3. Total incurred expenditures on the Iris Lake and Vanguard Project of not less than $1,650,000 over 3 years as follows:
    a. $100,000 on or before the six-month anniversary of the Effective Date (completed);
    b. an additional $120,000 on or before the 12-month anniversary of the Effective Date (completed);
    c. an additional $680,000 on or before the 24-month anniversary of the Effective Date; and
    d. an additional $750,000 on or before the 36-month anniversary of the Effective Date.

4. Other non-material administrative and technical matters guiding the earn in relationship between the Company and Thunder Gold.

<u>Hillcrest Project</u>

On May 8, 2023, the Company staked 390 cell claims covering 8,261 hectares which comprise the Hillcrest Project for acquisition costs of $19,500.

(in Canadian Dollars - unaudited)

7. RIGHT-OF-USE ASSETS AND EQUIPMENT

A continuity of the Company's right-of-use assets and equipment is as follows:

Cost		**Right-of-use assets (vehicles)**		**Equipment**		**Total**
Balance, March 31, 2022	$	387,724	$	33,256	$	420,980
Additions		80,457		-		80,457
Balance, March 31, 2023	$	468,181	$	33,256	$	501,437
Additions		-		-		-
Balance, June 30, 2023	**$**	**468,181**	**$**	**33,256**	**$**	**501,437**
Accumulated amortization						
Balance, March 31, 2022	$	62,254	$	6,004	$	68,258
Additions		95,444		11,085		106,529
Balance, March 31, 2023	$	157,698	$	17,089	$	174,787
Additions		18,247		2,771		21,018
Balance, June 30, 2023	**$**	**175,945**	**$**	**19,860**	**$**	**195,805**
Net book value						
Balance, March 31, 2023	$	310,483	$	16,167	$	326,650
Balance, June 30, 2023	**$**	**292,236**	**$**	**13,396**	**$**	**305,632**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		June 30, 2023		March 31, 2023
Accounts payable	**$**	**252,843**	$	1,335,914
Accrued liabilities		**626,523**		461,202
Total	**$**	**879,366**	$	1,797,116

9. LEASES

The Company leases vehicles. At acquisition, the leased assets and liabilities were measured at the present value of the lease payments plus the anticipated exercise of renewal options, discounted using the rate implicit in the leases, which was determined to be 8% on a weighted average basis.

The Company's lease liabilities are as follows:

		June 30, 2023		March 31, 2023
Current portion of lease obligations	**$**	**77,712**	$	81,607
Non-current portion of lease obligations		**224,094**		238,177
	$	**301,806**	$	319,784

(in Canadian Dollars - unaudited)

The lease liability interest expense recognized in loss and lease payments recognized in the financing component of statement of cash flows is as follows:

Balance, March 31, 2022	$	333,048
New leases		80,457
Interest expense		23,153
Payments		(116,874)
Balance, March 31, 2023	$	319,784
Interest expense		7,939
Payments		(25,917)
Balance, June 30, 2023	**$**	**301,806**

As at June 30, 2023, the Company is committed to minimum lease payments as follows:

		June 30, 2023
Less than one year	$	77,712
One to five years		203,872
More than five years		55,899
Total undiscounted lease liabilities	**$**	**337,483**

During the three months ended June 30, 2023, the Company expensed $3,800 under the short-term exemption of IFRS 16. The Company did not designate any leases as low-value. During the year ended March 31, 2023, the Company did not designate any leases as short-term or as low-value leases under IFRS 16.

10. FLOW-THROUGH PREMIUM LIABILITY

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

		Flow-through premium liability
Balance, March 31, 2022	$	1,002,200
Additions (Note 11)		1,730,290
Recovery of flow-through premium		(2,577,053)
Balance, March 31, 2023		**155,437**
Additions (Note 11)		526,761
Recovery of flow-through premium		(248,938)
Balance, June 30, 2023		**433,260**

During the three months ended June 30, 2023, the Company recorded a recovery of the flow-through premium of $248,938 (2022 - $697,397), based on eligible flow-through exploration expenditures incurred.

As at June 30, 2023, the Company has a remaining obligation to spend $3,379,428 on eligible exploration expenditures by December 31, 2024 (March 31, 2023 - $932,261 by December 31, 2023, completed).

11. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2023, there were 208,359,918 issued and fully paid common shares (March 31, 2023 – 167,851,703). At June 30, 2023, there were 16,686,868 (March 31, 2023 – 25,030,301) shares held in escrow, including the additional shares issued to Wesdome on June 6, 2022, subject to the following escrow release conditions: 8,343,433 to be released on December 4, 2023, and 8,343,435 to be released on June 4, 2024.

Three months ended June 30, 2023:

On April 13, 2023, the Company closed a private placement for aggregate gross proceeds of $6,900,000 by issuing 21,070,423 flow-through units (“Flow-Through Units”) at a price of $0.195 for gross proceeds of $4,108,733, and 16,419,220 non-flow-through units (“Non-Flow-Through Units”) at a price of $0.17 per non-flow-through units for gross proceeds of $2,791,267 (the “April 2023 Offering”). Each Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant, and each Non-Flow-Through Unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.25, until the date which is 24 months following the closing date. No value was ascribed to the warrants under the residual value method.

Based on the difference in price between the Flow-Through Unit and Non-Flow-Through Unit, management accounted for the premium paid on the Flow-Through Units on a residual basis as a flow-through premium liability of $526,761 (Note 10). In connection with the April 2023 Offering, the Company paid the agents a cash commission equal to 6% of the gross proceeds of the April 2023 Offering in the amount of $373,552, paid agents’ expenses of $96,530, and incurred other cash share issuance costs of $128,603. In addition, the Company issued to the agents 2,011,912 compensation options and 64,705 advisory options of the Company, exercisable for a period of 24 months at an exercise price of $0.17. The aggregate fair value of the compensation and advisory warrants was determined to be $226,826 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.62%, expected life of 2 years, volatility factor of 82.70% and dividend yield of Nil.

On May 16, 2023, the Company issued 3,018,572 units to settle certain outstanding accounts payable in the aggregate amount of $513,157 (the “Settlement Units”). The Settlement Units have the same terms as the units issued pursuant to the April 2023 Offering. The fair value of the common shares was determined to be $724,457, based on the closing price of $0.24 on May 16, 2023, the date of issuance. The fair value of the warrants was determined to be $168,844 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.95%, expected life of 2 years, volatility factor of 85.80% and dividend yield of Nil. The aggregate fair value of the Settlement Units was $893,301, resulting in a loss on settlement of $380,144.

Three months ended June 30, 2022:

On April 6, 2022, the Company closed a private placement for aggregate gross proceeds of $10,000,000 by issuing 9,616,095 flow-through units (“Flow-Through Units”) at a price of $0.60 for gross proceeds of $5,769,657, 6,460,686 non-flow-through units (“Non-Flow-Through Units”) at a price of $0.50 per non-flow-through units for gross proceeds of $3,230,343, and 1,408,451 charity-flow-through units (“Charity Flow-Through Unit”) at a price of $0.71 per charity flow-through unit for gross proceeds of $1,000,000 (the “April 2022 Offering”). Each Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant, each Non-Flow-Through Unit consists of one common share and one-half of one common share purchase warrant, and each Charity Flow-Through Unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.75, until the date which is 24 months following the Closing Date. Using the residual value method, the value of the warrant component of the units issued in the April 2022 Offering was $699,409.

Based on the difference in price between the Charity Flow-Through Unit/Flow-Through Unit and Non-Flow-Through financings, management accounted for the premium paid on the Charity Flow-Through Units and Flow-Through Units on a residual basis as a flow-through premium liability of $1,257,385 (Note 10). In connection with the April 2022 Offering, the Company paid to the agents a cash commission equal to 6% of the gross proceeds of the April 2022 Offering in the amount of $756,161. In addition, the Company issued to the agents 1,003,815 compensation options of the Company exercisable for a period of 24 months at exercise prices of $0.50, $0.71 and $0.60, respectively. The aggregate fair value of the compensation options was determined to be $221,696 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 2.50%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil.

On May 18, 2022, the Company closed a private placement for gross proceeds of $500,000 by issuing 1,000,000 units at a price of $0.50 (“Units”). Each Unit consists of one common share and one-half common share purchase warrant, exercisable at a price of $0.75. Using the residual value method, the value of the warrant component of the Units was $32,500.

On June 6, 2022, the Company issued 8,333,333 common shares to Wesdome at a value of $0.60 per share, for a total value of $5,000,000 (Note 6).

(in Canadian Dollars - unaudited)

Stock options

The Company adopted a 10% rolling Omnibus Incentive Plan on November 3, 2022 (the "Plan"). Under the Plan, the Company may grant stock options to directors, officers, employees and consultants of the Company at an exercise of not less than the market value ("Market Value") of the common shares of the Company as of the grant date. Market Value will be the closing trading price of the common shares on the day immediately preceding the grant date, and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities including the TSX Venture Exchange. The expiry date of an option shall be determined by the Compensation Committee of the Company and shall be no later than the tenth anniversary of the grant date of such option. The vesting terms and conditions of the options are determined by the Board of Directors.

The Black-Scholes Option Pricing Model inputs for options granted during the three months ended June 30, 2023 are as follows:

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
April 24, 2023	April 24, 2028	$0.25	2.98%	5 years	83.10%	Nil	$0.15

The following is a continuity of the Company's options outstanding for the three months ended June 30, 2023 and the year ended March 31, 2023:

	Exercise price	Number of options
Closing balance, March 31, 2022	$ 0.65	8,787,500
Expired	0.69	(50,000)
Closing balance, March 31, 2023	**$ 0.65**	**8,737,500**
Granted	0.25	4,100,000
Expired	0.65	(116,667)
Forfeited	0.65	(233,333)
Closing balance, June 30, 2023	**$ 0.52**	**12,487,500**

During the three months ended June 30, 2023, the Company recognized $324,801 (2022 – $775,177) in stock-based compensation expense related to the vesting of stock options. During the three months ended June 30, 2023, the fair value of expired stock options of $84,316 was reclassified to deficit.

As at June 30, 2023, the Company had outstanding options as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (in years)
June 4, 2026	7,300,000	4,866,667	$ 0.65	2.93
July 15, 2026	50,000	16,667	$ 0.69	3.04
November 23, 2026	1,037,500	345,833	$ 0.65	3.40
April 24, 2028	4,100,000	66,667	$ 0.25	4.82

The weighted average remaining contractual life of stock option outstanding at June 30, 2023 was 3.59 years (March 31, 2023 – 3.24 years).

Restricted Share Units

On April 24, 2023, the Company granted 1,673,968 restricted share units ("RSU's"), pursuant to the Plan. The RSU's will vest one year from the grant date. Once vested, each RSU represents the right to receive one common share of the Company, the equivalent cash value thereof, or a combination of the two, at the Company's discretion.

The following is a continuity of the Company's RSU's outstanding for the three months ended June 30, 2023 and the year ended March 31, 2023:

	Fair value	Number of RSU's
Closing balance, March 31, 2022 and 2023	$ -	-
Granted	0.205	1,673,968
Closing balance, June 30, 2023	**$ 0.205**	**1,673,968**

As at June 30, 2023, the Company had outstanding restricted share units as follows:

(in Canadian Dollars - unaudited)

Expiry date	RSU's outstanding	RSU's exercisable	Exercise price	Remaining contractual life (in years)
April 24, 2028	1,673,968	-	$ 0.205	0.82

During the three months ended June 30, 2023, the Company recognized $62,992 (2022 - $nil) in stock-based compensation expense related to the vesting of RSU's.

Warrants

The following is a continuity of the Company's warrants outstanding for the three months ended June 30, 2023 and the year ended March 31, 2023:

	Exercise price	Number of warrants
Opening balance, March 31, 2022	$ -	-
Issued	0.55	21,880,166
Closing balance, March 31, 2023	$ 0.55	21,880,166
Issued	$ 0.25	20,254,108
Closing balance, June 30, 2023	**$ 0.40**	**42,134,274**

As at June 30, 2023, the Company had outstanding warrants as follows:

Expiry date	Warrants outstanding	Warrants exercisable	Exercise price	Remaining contractual life (in years)
April 6, 2024	8,742,616	8,742,616	$ 0.75	0.77
May 18, 2024	500,000	500,000	$ 0.75	0.88
December 22, 2024	10,554,190	10,554,190	$ 0.40	1.48
December 30, 2024	2,083,360	2,083,360	$ 0.40	1.50
April 13, 2025	18,744,822	18,744,822	$ 0.25	1.79
May 16, 2025	1,509,286	1,509,286	$ 0.25	1.88

The weighted average remaining contractual life of warrants outstanding at June 30, 2023 was 1.48 years (March 31, 2023 – 1.44 years).

Compensation options

The following is a continuity of the Company's compensation options outstanding for the three months ended June 30, 2023 and the year ended March 31, 2023:

	Exercise price	Number of options
Closing balance, March 31, 2022	$ 0.68	2,916,839
Granted	0.57	1,003,815
Closing balance, March 31, 2023	$ 0.65	3,920,654
Granted	0.17	2,076,617
Expired	0.69	(2,036,484)
Closing balance, June 30, 2023	**$ 0.38**	**3,960,787**

The fair value of expired compensation options of $730,978 was reclassified to deficit during the period ended June 30, 2023.

(in Canadian Dollars - unaudited)

As at June 30, 2023, the Company had outstanding compensation options as follows:

Expiry date	Compensation options outstanding	Compensation options exercisable	Exercise price	Remaining contractual life (in years)
November 23, 2023	880,355	880,355	$ 0.65	0.40
April 6, 2024	345,341	345,341	$ 0.50	0.77
April 6, 2024	573,967	573,967	$ 0.60	0.77
April 6, 2024	84,507	84,507	$ 0.71	0.77
April 13, 2025	2,076,617	2,076,617	$ 0.17	1.79

The weighted average remaining contractual life of compensation options outstanding at June 30, 2023 was 1.22 years (March 31, 2023 – 0.49 years).

12. RELATED PARTIES

The Company's related parties consist of its key management personnel and close family members of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer and the Chief Financial Officer.

During the three months ended June 30, 2023 and 2022, compensation of key management personnel, including directors, was as follows:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Salaries, management fees and other employee benefits (1)	$ 270,968	$ 151,500
Stock-based compensation (2)	211,121	496,645
Total	$ 482,089	$ 648,145

1) Includes $149,000 recorded in consulting fees and $121,968 capitalized to exploration and evaluation assets (2022 - $151,500 and $55,476, respectively).

2) Includes the reversal of $124,792 of stock-based compensation expense on forfeited stock options (Note 11).

As at June 30, 2023, the Company owed a total of $38,000 to key management personnel in respect of services provided to the Company, (March 31, 2023 - $222,979) and $6,542 in respect of expenses incurred on behalf of the Company (March 31, 2023 - $9,548).

On June 14, 2022, the Company advanced $60,000 to Peter Flindell, VP Exploration, which is included in other receivables. The advance earns simple interest at the Canada Revenue Agency prescribed annual interest rate of 1% and is repayable within twelve months. On April 24, 2023, the due date was extended to June 14, 2024.

The Company does not have offices or direct personnel in British Columbia, but rather is party to an Administration Services Agreement, whereby it has contracted administrative, corporate and financial reporting services with Sentinel Corporate Services ("Sentinel"), a company controlled by a close family member of the CFO, which are included in general and administrative costs. Sentinel has a continuing service agreement with the Company.

During the three months ended June 30, 2023, the Company incurred expenses with Sentinel for administration, corporate and financial reporting services of $56,500 (June 30, 2022 - $28,500). As at June 30, 2023, there was $9,975 (March 31, 2023 - $17,500) owing to Sentinel for services and $7,762 owing to Sentinel in respect of expenses incurred on behalf of the Company (March 31, 2023 - $11).

All transactions are incurred in the normal course of business and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

(in Canadian Dollars - unaudited)

13. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

		June 30, 2023		March 31, 2023
Financial assets:				
Fair value through profit or loss				
Cash and cash equivalents	$	4,589,515	$	1,237,564
Amortized cost				
Amounts receivable		234,041		241,684
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	879,366	$	1,797,116

Amounts receivable and accounts payable and accrued liabilities includes amounts due to and due from related parties (Note 12).

The fair values of the Company's cash and cash equivalents are carried at fair value in accordance with level 1 of the fair value hierarchy. The Company's amounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

b) Management of financial risks

The Company's risk exposures arising from financial instruments are consistent with those discussed in the consolidated financial statements for the year ended March 31, 2023, with the exception of:

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company has aimed to manage liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At June 30, 2023, the Company had cash and cash equivalents of $4,589,515 and accounts payable and accrued liabilities of $879,366 with contractual maturities of less than one year. The Company's ability to continue as a going concern is dependent on management's ability to raise financing until such time that the Company is profitable. The Company manages its liquidity risk by forecasting cash flows from operations and investing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the three months ended June 30, 2023.

15. SEGMENT DISCLOSURES

The Company operates in a single operating segment in the geographic location of Canada, the exploration for and evaluation of mineral property interests. All of the Company's long-term assets are located in Canada.

16. SUBSEQUENT EVENT

On July 28, 2023, the Company issued 300,000 common shares with a fair value of $43,500 and paid $20,000 to Thunder Gold pursuant its option agreement for the Iris Lake and Vanguard Project.