GOLDSHORE RESOURCES INC.

Consolidated Financial Statements

For the years ended March 31, 2023 and 2022

In Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Goldshore Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Goldshore Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company 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 in our audit 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 indicates that the Company's current liabilities exceeded its current assets by $188,631 and had an accumulated deficit of $21,229,397. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company'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 current year. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 8 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $85,423,172 as of March 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

June 27, 2023

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

	March 31, 2023	March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	$ 1,237,564	$ 12,105,759
Amounts receivable (Notes 6 and 15)	241,684	837,852
Prepaid expenses and deposits	366,281	472,728
	1,845,529	**13,416,339**
Exploration and evaluation assets (Note 8)	85,423,172	61,270,416
Right-of-use assets and equipment (Note 9)	326,650	352,722
Long-term deposits	3,765	161,670
TOTAL ASSETS	**$ 87,599,116**	**$ 75,201,147**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 10 and 15)	$ 1,797,116	$ 2,469,585
Current portion of lease liabilities (Note 11)	81,607	102,431
Current portion of flow-through premium liability (Note 12)	155,437	1,002,200
	2,034,160	**3,574,216**
Non-current portion of lease liabilities (Note 11)	238,177	230,617
Deferred income tax liability (Note 19)	11,503,000	6,826,000
TOTAL LIABILITIES	**13,775,337**	**10,630,833**
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	73,064,469	54,937,379
Obligation to issue shares (Note 8)	15,000,000	20,000,000
Reserve (Note 14)	6,988,707	3,858,977
Accumulated deficit	(21,229,397)	(14,226,042)
TOTAL SHAREHOLDERS' EQUITY	**73,823,779**	**64,570,314**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 87,599,116**	**$ 75,201,147**

Nature and continuance of operations and going concern (Note 1)
Subsequent events (Note 20)

These consolidated financial statements were authorized for issue by the Board of Directors on July 27, 2023. They are signed on behalf of the Board of Directors by:

"Brett Richards"
CEO and Director

"Joanna Pearson"
Director

GOLDSHORE RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(in Canadian Dollars)

		For the year ended March 31, 2023		For the year ended March 31, 2022
EXPENSES				
Amortization expense (Note 9)	$	106,529	$	67,305
Consulting fees (Note 15)		760,562		892,165
General and administrative costs (Note 15)		377,111		371,949
Professional fees		311,982		250,252
Property investigation costs		-		342,472
Regulatory and transfer agent fees		124,254		139,042
Shareholder information and investor relations		1,173,853		877,538
Stock-based compensation expense (Notes 14 and 15)		2,067,446		2,840,413
Travel		92,027		37,490
	$	5,013,764	$	5,818,626
OTHER ITEMS				
Interest expense (Note 11)		23,153		20,976
Interest and other income (Notes 13 and 15)		(115,812)		(3,222)
Listing expense (Note 7)		-		1,868,988
Recovery of flow-through premium (Note 12)		(2,577,053)		(1,055,896)
LOSS BEFORE INCOME TAXES	$	2,344,052	$	6,649,472
Deferred income tax expense (Note 19)		4,677,000		6,826,000
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$	7,021,052	$	13,475,472
Basic and diluted loss per share for the year	$	(0.05)	$	(0.15)
Weighted average number of common shares outstanding – basic and diluted		147,290,182		88,668,415

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

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

	Share Capital					
	Number of shares	Amount	Obligation to issue shares	Reserve	Accumulated deficit	Total
Balance, March 31, 2021	**30,122,381**	**$ 3,858,467**	**$ -**	**$ 428,522**	**$ (750,570)**	**$ 3,536,419**
Reverse takeover (Note 7)	3,677,623	2,390,455	-	-	-	2,390,455
Shares issued for private placements (Note 14)	51,132,855	35,000,002	-	-	-	35,000,002
Flow-through premium (Notes 12 and 14)	-	(2,058,096)	-	-	-	(2,058,096)
Share issuance costs (Note 14)	440,179	(3,808,699)	-	590,042	-	(3,218,657)
Stock-based compensation (Note 14)	-	-	-	2,840,413	-	2,840,413
Shares issued for mineral property (Note 8)	30,085,000	19,555,250	20,000,000	-	-	39,555,250
Loss and comprehensive loss for the year	-	-	-	-	(13,475,472)	(13,475,472)
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 14)	43,760,332	16,433,395	-	858,285	-	17,291,680
Flow-through premium (Notes 12 and 14)	-	(1,730,290)	-	-	-	(1,730,290)
Share issuance costs (Note 14)	-	(1,657,015)	-	221,696	-	(1,435,319)
Stock-based compensation (Note 14)	-	-	-	2,067,446	-	2,067,446
Shares issued for mineral property (Note 8)	8,633,333	5,081,000	(5,000,000)	-	-	81,000
Fair value of expired options (Note 14)	-	-	-	(17,697)	17,697	-
Loss and comprehensive loss for the year	-	-	-	-	(7,021,052)	(7,021,052)
Balance, March 31, 2023	**167,851,703**	**$ 73,064,469**	**$ 15,000,000**	**$ 6,988,707**	**$ (21,229,397)**	**$ 73,823,779**

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

GOLDSHORE RESOURCES INC.
Consolidated Statements of Cash Flows
(in Canadian Dollars)

	For the year ended March 31, 2023	For the year ended March 31, 2022
OPERATING ACTIVITIES		
Loss for the year	$ (7,021,052)	$ (13,475,472)
Non-cash items:		
Amortization and interest expense	129,682	88,281
Stock-based compensation expense	2,067,446	2,840,413
Listing expense	-	1,868,988
Recovery of flow-through premium	(2,577,053)	(1,055,896)
Deferred income tax expense	4,677,000	6,826,000
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	702,615	(1,240,515)
Accounts payable and accrued liabilities	(630,536)	393,490
Cash flows used in operating activities	(2,651,898)	(3,754,711)
INVESTING ACTIVITIES		
Mineral property acquisition, exploration and long-term deposits	(23,955,784)	(19,366,717)
Cash acquired on reverse takeover	-	10,320,318
Purchase of equipment	-	(33,256)
Cash flows used in investing activities	(23,955,784)	(9,079,655)
FINANCING ACTIVITIES		
Proceeds from private placements	17,291,680	10,000,002
Share issuance costs	(1,435,319)	(1,570,520)
Repayment of lease obligations	(116,874)	(75,058)
Cash flows provided by financing activities	15,739,487	8,354,424
Decrease in cash and cash equivalents	(10,868,195)	(4,479,942)
Cash and cash equivalents, beginning of year	12,105,759	16,585,701
Cash and cash equivalents, end of year	$ 1,237,564	$ 12,105,759
Supplemental cash flow information:		
Exploration and evaluation asset costs in accounts payable and accrued liabilities	$ 1,461,786	$ 1,503,719
Fair value of replacement compensation options	-	302,456
Flow-through premium liability	1,730,290	2,058,096
Fair value of shares issued for exploration and evaluation assets	81,000	19,555,250
Fair value of shares issued for reverse takeover	-	2,390,455
Fair value of compensation options	221,696	287,586
Fair value of warrant component of equity units	858,285	-
Right of use asset/liability additions	80,457	364,856

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

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 one mineral exploration property, the Moss Gold Project, and an option to earn in to the Iris Lake and Vanguard properties, located in Ontario, Canada.

On May 31, 2021, Sierra Madre Developments Inc. ("Sierra Madre") acquired all of the outstanding shares of Goldshore Resources Inc. ("Former Goldshore") by way of a three-cornered amalgamation in which a wholly-owned subsidiary of Sierra Madre amalgamated with Former Goldshore, with Former Goldshore surviving as a wholly-owned subsidiary of Sierra Madre under the name Moss Lake Project Inc. ("Moss Lake"). On June 4, 2021, Sierra Madre changed its name to Goldshore Resources Inc. ("Goldshore" or the "Company") and began trading on the TSX-V under the symbol GSHR. Former Goldshore has been identified as the accounting acquirer and, accordingly, the Company is considered to be a continuation of Former Goldshore, and the net assets of Sierra Madre at the date of the reverse acquisition are deemed to have been acquired by Former Goldshore (Note 7). These consolidated financial statements include the results of operations of Sierra Madre from May 31, 2021.

These consolidated 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 March 31, 2023, the Company's current liabilities exceeded its current assets by $188,631 and had an accumulated deficit of $21,229,397. Subsequent to year end, the Company completed a financing for gross proceeds of $6,515,448 (Note 20). 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by IFRS Interpretations Committee ("IFRIC") applicable to the preparation of financial statements. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

Basis of Preparation

These consolidated 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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

The consolidated 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 consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

Significant accounting judgements and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. 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 critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Cash and Cash Equivalents

Cash and cash equivalents include short-term liquid investments that are cashable or readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

b) Foreign Currency Transactions

Transactions in currencies other than the Canadian dollar (“foreign currencies”) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are denominated in foreign currencies and measured at other than fair value are translated using the rates of exchange at the transaction dates. Foreign exchange gains and losses are included in net loss for the period.

c) Financial Instruments

i) Classification and measurement

<u>Financial asset</u>

The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company’s accounts receivable is classified as and measured at amortized cost.

Fair value through other comprehensive income (“FVTOCI”)

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

Fair value through profit or loss (“FVTPL”)

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise. The Company’s cash and cash equivalents are classified in this category.

<u>Financial liabilities</u>

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the period that are unpaid.

i) Derecognition of financial assets

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 generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

ii) Impairment of financial assets

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 twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive 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.

d) Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other assets.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. For the period presented, the Company did not have any restoration provisions.

e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property in the period it is received.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

f) Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation of equipment is calculated on a straight-line basis of 36 months.

g) Leases

At the inception of a lease 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (i) the contract involves the use of an identified asset; (ii) the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period, and (iii) the Company has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term plus expected renewal options which are available to the Company. The estimated useful life of right-of-use assets is determined based on the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the rate implicit in the lease as the discount rate for leases.

Lease payments included in the measurement of the lease liability comprise of: (i) fixed payments; (ii) amounts expected to be payable under a residual value guarantee; (iii) the exercise price under purchase option that the Company is reasonably certain to exercise; (iv) lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and (v) penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company recognizes depreciation for right-of-use assets and interest expense on lease liabilities in the consolidated statements of loss and comprehensive loss. In the statement of cash flows, the Company includes repayments of the principal portion of the lease liabilities under financing activities. Lease payments for short-term leases, lease payment for leases of low-value assets that are not included in the measurement of the lease liability are classified as cash flows from operating activities.

h) Share capital

Common shares

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

Equity units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to the reserve for warrants.

i) Share options and warrants

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital. When share options and warrants expire unexercised or are cancelled, other than cancellations resulting from forfeitures when vesting conditions are not satisfied, the amounts recognized in reserves are reclassified to accumulated deficit.

Stock-based compensation to employees and consultants are measured at the fair value of the instruments granted. Stock-based compensation for non-employees is measured at the fair value of the instruments granted if the fair value of the goods or services received cannot be reasonably determined. The offset to the recorded expense is to reserves. The fair value of the equity instruments granted is calculated using the Black-Scholes option pricing model which considers the following factors: exercise price; current market price of the underlying shares; expected life of the award; risk-free interest rate; forfeiture rate; and expected volatility.

j) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share 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 expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through premium liability (Note 12). The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-Back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

k) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

l) Loss per share

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

m) Impairment of non-financial assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n) New accounting standards and interpretations

The Company did not adopt any new accounting standards or interpretations during the year ended March 31, 2023.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements 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

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:

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 resources 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 expenses 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.

(in Canadian Dollars)

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.

5. CASH AND CASH EQUIVALENTS

At March 31, 2023 and March 31, 2022, the Company's cash and cash equivalents were comprised of the following:

		March 31, 2023		March 31, 2022
Cash held in bank accounts	$	**1,237,564**	$	6,603,649
Cash equivalents		**-**		5,502,110
Total	**$**	**1,237,564**	$	12,105,759

6. AMOUNTS RECEIVABLE

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

		March 31, 2023		March 31, 2022
GST receivable	**$**	**181,207**	$	778,234
Other receivables (Note 15)		**60,477**		59,618
Total	**$**	**241,684**	$	837,852

7. REVERSE TAKEOVER TRANSACTION

On May 31, 2021, the Company closed the reverse takeover transaction contemplated in the amalgamation agreement dated January 25, 2021, amended and restated on February 16, 2021 (the "Amalgamation") (Note 1). Pursuant to the Amalgamation, all Former Goldshore common shares were exchanged for common shares of the Company on a one-for-one basis and Former Goldshore amalgamated with a subsidiary of Sierra Madre, with the resulting entity to continue as a wholly owned subsidiary of the Company (the "Resulting Issuer").

As a result of the Amalgamation, the shareholders of Former Goldshore acquired control of the Company, thereby constituting a reverse acquisition of the Company. The Amalgamation is considered a purchase of the Company's net assets by the shareholders of Former Goldshore. The Amalgamation will be accounted for in accordance with guidance provided in IFRS 2, Share-based payments, and IFRS 3, Business combinations. As the Company did not qualify as a business according to the definition in IFRS 3, this Amalgamation does not constitute a business combination; rather, it is treated as an issuance of shares by Former Goldshore for the net assets of the Company and the listing of the Former Goldshore's shares. The purchase price was allocated as follows:

		Amount
Fair value of the Company's shares	$	2,390,455
(3,677,623 post-consolidation common shares at $0.65 per share)		
Fair value of replacement options (Note 14)		302,456
Consideration		2,692,911
Net assets acquired		
Cash and restricted cash		10,320,318
Receivables		22,152
Deferred financing costs		881,876
Accounts payable		(400,423)
Subscriptions received		(10,000,000)
Net assets		823,923
Listing expense	**$**	**1,868,988**

The Amalgamation was measured at the fair value of the shares that Former Goldshore would have had to issue to the shareholders of the Company, being 3,677,623 common shares, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the Amalgamation had it taken the legal form if Former Goldshore acquired the Company.

(in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	Moss Gold Project	Iris Lake and Vanguard Projects	Total
Property acquisition costs			
Balance, March 31, 2021	$ -	$ -	$ -
Additions	52,055,250	-	52,055,250
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
Exploration and evaluation costs			
Balance, March 31, 2021	$ -	$ -	$ -
Camp costs	726,492	-	726,492
Consulting and salaries	3,060,044	-	3,060,044
Database management	204,083	-	204,083
Drilling	3,038,962	-	3,038,962
Environmental	184,208	-	184,208
Geochemistry	1,011,952	-	1,011,952
Other costs	989,425	-	989,425
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
Total, March 31, 2022	**$ 61,270,416**	**$ -**	**$ 61,270,416**
Total, March 31, 2023	**$ 85,103,119**	**$ 320,053**	**$ 85,423,172**

Moss Gold Project

On January 25, 2021, the Company entered into a purchase agreement (the “Moss Gold 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 14);
    - $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 Company paid Wesdome a refundable deposit of $1,000,000 concurrent with executing the Moss Gold Agreement. The deposit was applied to the cash payment due on closing. 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 (Note 14).

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.

(in Canadian Dollars)

Iris Lake and Vanguard Properties

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 Projects"). 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 5, 2022 (the "Effective Date") (paid);
   b. an additional $20,000 on or before the 12-month anniversary of the Effective Date;
   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) (Note 14);
   b. an additional 300,000 Shares on or before the 12-month anniversary of the Effective Date;
   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 Projects 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.

Subsequent to March 31, 2023, the Company amended the terms of the option agreement with Thunder Gold (Note 20).

9. 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, 2021	$	22,868	$	-	$	22,868
Additions		364,856		33,256		398,112
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**
Accumulated amortization						
Balance, March 31, 2021	$	953	$	-	$	953
Additions		61,301		6,004		67,305
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**
Net book value						
Balance, March 31, 2022	$	325,470	$	27,252	$	352,722
Balance, March 31, 2023	**$**	**310,483**	**$**	**16,167**	**$**	**326,650**

(in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		March 31, 2023		March 31, 2022
Accounts payable	**$**	**1,335,914**	$	1,924,700
Accrued liabilities		**461,202**		544,885
Total	**$**	**1,797,116**	$	2,469,585

11. 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:

		March 31, 2023		March 31, 2022
Current portion of lease obligations	**$**	**81,607**	$	102,431
Non-current portion of lease obligations		**238,177**		230,617
	$	**319,784**	$	333,048

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, 2021	$	22,274
New leases		364,856
Interest expense		20,976
Payments		(75,058)
Balance, March 31, 2022	$	333,048
New leases		80,457
Interest expense		23,153
Payments		(116,874)
Balance, March 31, 2023	**$**	**319,784**

As at March 31, 2023, the Company is committed to minimum lease payments as follows:

		March 31, 2023
Less than one year	$	91,594
One to five years		239,756
More than five years		55,899
Total undiscounted lease liabilities	**$**	**387,249**

During the year ended March 31, 2023 and the year ended March 31, 2022, the Company did not designate any leases as short-term or as low-value leases under IFRS 16.

(in Canadian Dollars)

12. FLOW-THROUGH PREMIUM LIABILITY

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

		Flow-through premium liability
Balance, March 31, 2021	$	-
Additions (Note 14)		2,058,096
Recovery of flow-through premium		(1,055,896)
Balance, March 31, 2022		1,002,200
Additions (Note 14)		1,730,290
Recovery of flow-through premium		(2,577,053)
Balance, March 31, 2023	**$**	**155,437**

During the year ended March 31, 2023, the Company recorded a recovery of the flow-through premium of $2,577,053 (2022 - $1,055,896), based on eligible flow-through exploration expenditures incurred.

As at March 31, 2023, the Company has a remaining obligation to spend $932,621 on eligible exploration expenditures by December 31, 2023 (March 31, 2022 - $12,080,787 to spend by December 31, 2022).

13. INTEREST AND OTHER INCOME

The Company's Interest and other income are comprised of the following:

		March 31, 2023		March 31, 2022
Interest income	**$**	**106,870**	$	2,110
Other income		**8,942**		1,112
Total	**$**	**115,812**	$	3,222

14. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2023, there were 167,851,703 issued and fully paid common shares (March 31, 2022 – 115,458,038 outstanding). At March 31, 2023, there were 25,030,301 (2022 – 31,300,501) 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 released on June 4, 2023, 8,343,433 to be released on December 4, 2023, and 8,343,434 to be released on June 4, 2024. Historic escrow releases included 4,173,400 released on June 4, 2021, 6,260,100 released on December 4, 2021, 6,260,100 released on June 4, 2022, and 8,343,433 released on December 4, 2022.

<u>Year ended March 31, 2023:</u>

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 ("April 2022 Flow-Through Units") at a price of $0.60 for gross proceeds of $5,769,657, 6,460,686 non-flow-through units ("April 2022 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 ("April 2022 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 April 2022 Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant, each April 2022 Non-Flow-Through Unit consists of one common share and one-half of one common share purchase warrant, and each April 2022 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 April 2022 Charity Flow-Through Unit/April 2022 Flow-Through Unit and April 2022 Non-Flow-Through financings, management accounted for the premium paid on the April 2022 Charity Flow-Through Units and April 2022 Flow-Through Units on a residual basis as a flow-through premium liability of $1,257,385 (Note 12). 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 $756,738.

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 8).

On August 2, 2022, the Company paid $10,000 in cash and issued 300,000 common shares to Thunder Gold at a value of $0.27 per share, for a total value of $81,000 pursuant to an option agreement (Note 8).

On December 22, 2022, the Company closed a private placement for aggregate gross proceeds of $5,750,000 by issuing 9,458,100 flow-through units ("December 2022 Flow-Through Units") at a price of $0.30 for gross proceeds of $2,837,430, and 11,650,280 non-flow-through units ("December 2022 Non-Flow-Through-Units") at a price of $0.25 per non-flow-through unit for gross proceeds of $2,912,570. Each December 2022 Flow-Through Unit consists of one flow-through common share and one-half of one common share purchase warrant and each December 2022 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 $0.40, 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 December 2022 Offering was $105,542.

Based on the difference in price between the December 2022 Flow-Through Unit and December Non-Flow-Through financings, management accounted for the premium paid on the Flow-Through Units on a residual basis as a flow-through premium liability of $472,905 (Note 12). In connection with the December 2022 Offering, the Company paid to the agents a cash commission equal to 6% of the gross proceeds in the amount of $282,500 and incurred other share issuance costs of $385,581.

On December 30, 2022, the Company closed a non-brokered private placement for gross proceeds of $1,041,680 by issuing 4,166,720 non-flow-through units at a price of $0.25 per non-flow-through unit. 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 $0.40, 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 was $20,834. In connection with the financing, the Company paid to the agents a finder's fee of $500 and incurred other share issuance costs of $10,000.

<u>Year ended March 31, 2022:</u>

On February 26, 2021, the Company and Former Goldshore closed brokered private placements by issuing 13,333,335 Flow-Through Subscription Receipts and 23,076,924 Subscription Receipts at a price of $0.75 per Flow-Through Subscription Receipt and $0.65 per Subscription Receipt for total gross proceeds of $25,000,002. The subscriptions received in advance were held in escrow (the "Escrowed Funds"), including $14,359,805 as restricted cash as at March 31, 2021, pending satisfaction of certain conditions ("Escrow Release Conditions"), including the closing of the Amalgamation and receiving conditional approval for the resulting issuer's shares being listed on the TSX-V. On June 1, 2021, the Escrowed Funds were released from escrow concurrent with the completion of the Amalgamation and commencement of trading on the TSX-V (Note 6). The Escrowed Funds were held in escrow by a subscription receipt agent and were released to the Resulting Issuer upon the satisfaction of the Escrow Release Conditions (the "Escrow Release Date"). Based on the difference in price between the flow-through and non-flow-through financings, management accounted for the premium paid on the Flow-Through Subscription Receipts on a residual basis as a flow-through premium liability of $1,333,334 (Note 12).

In connection with the closing of the private placements, the Company incurred cash share issuance costs and commissions totalling $2,166,144, including $1,068,717 which were recorded as deferred financing costs as at March 31, 2021. Additionally, the Company and Former Goldshore issued a total of 2,036,484 non-transferrable compensation options ("Compensation Options") to agents. Upon completion of the reverse take over transaction, each Compensation Option was exchanged for one compensation option of the Resulting Issuer, of which 772,560 and 1,263,924 are exercisable for one Resulting Issuer common share at a price of $0.75 and $0.65, respectively, for 24 months after the Escrow Release Date. The total fair value of the Compensation Options was determined to be $730,978 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.30%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. Of the total fair value of the compensation options, $428,522 was recorded at March 31, 2021 and was included in deferred financing costs and an additional $302,456 was recorded during the year ended March 31, 2022 (Note 7).

(in Canadian Dollars)

On May 31, 2021, the Company issued 30,122,381 common shares to shareholders of Former Goldshore in connection with the Amalgamation (Note 7) and 30,085,000 common shares to Wesdome with a fair value of $19,555,250 pursuant to the Moss Gold Agreement (Note 8).

On November 23, 2021, the Company closed its previously announced private placement for aggregate gross proceeds of $10,000,000 by issuing 10,810,692 flow-through common shares ("November 2021 FT Shares") at a price of $0.65 for gross proceeds of $7,026,950 and 3,911,908 premium flow-through common shares ("November 2021 Premium FT Shares") at a price of $0.76 per November 2021 Premium FT Share for gross proceeds of $2,973,050 (the "Offering"). Based on the difference in price between the November 2021 FT Shares/Premium FT Shares and the market price of the common shares, management accounted for the premium paid on the November 2021 FT Shares/Premium FT Shares on a residual basis as a flow-through premium liability of $724,762 (Note 12).

In connection with the Offering, the Company paid agents a cash commission equal to 6% of the gross proceeds of the Offering, of which 3% was paid in cash totalling $299,025 and 3% was paid through the issuance of 440,179 common shares of the Company with a fair value of $277,313. In addition, the Company issued to the agents 880,355 compensation options of the Company exercisable for a period of 24 months at an exercise price of $0.65. The fair value of the compensation options was determined to be $287,586 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.05%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. The Company also incurred additional cash share issuance costs of $144,931 in connection with the closing of the offerings.

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 years ended March 31, 2023 and 2022, are as follows:

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
June 4, 2021	June 4, 2026	$0.65	0.97%	5 years	100%	Nil	$0.70
July 15, 2021	July 15, 2026	$0.69	0.78%	5 years	100%	Nil	$0.51
November 24, 2021	November 24, 2026	$0.65	1.56%	5 years	100%	Nil	$0.47

The following is a continuity of the Company's options outstanding for the year ended March 31, 2023 and March 31, 2022:

	Exercise price	Number of options
Balance, March 31, 2021	$ -	-
Granted	0.65	8,837,500
Forfeited	0.69	(50,000)
Balance, March 31, 2022	$ 0.65	8,787,500
Expired/Forfeited	0.65	(50,000)
Balance, March 31, 2023	**$ 0.65**	**8,737,500**

The fair value of the 50,000 options that were expired/forfeited unexercised was $17,697, which was reclassified to deficit during the year ended March 31, 2023.

As at March 31, 2023, the Company had outstanding options as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (in years)
June 4, 2026	7,650,000	2,550,000	$ 0.65	3.18
July 15, 2026	50,000	16,667	$ 0.69	3.29
November 23, 2026	1,037,500	345,833	$ 0.65	3.65

(in Canadian Dollars)

During the year ended March 31, 2023, the Company recognized $2,067,446 (2022 - $2,840,413) in stock-based compensation expense.

Warrants

The following is a continuity of the Company's warrants outstanding for the year ended March 31, 2023 and March 31, 2022:

	Weighted average exercise price	Number of warrants
Opening balance, March 31, 2022 and 2021	$ -	-
Granted	0.55	21,880,166
Closing balance, March 31, 2023	**$ 0.55**	**21,880,166**

As at March 31, 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	1.02
May 18, 2024	500,000	500,000	$ 0.75	1.13
December 22, 2024	10,554,190	10,554,190	$ 0.40	1.73
December 30, 2024	2,083,360	2,083,360	$ 0.40	1.75

Compensation options

The following is a continuity of the Company's compensation options outstanding for the year ended March 31, 2023 and March 31, 2022:

	Exercise price	Number of options
Opening balance, March 31, 2021	$ -	-
Granted	0.68	2,916,839
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**

As at March 31, 2023, the Company had outstanding compensation options as follows:

Expiry date	Compensation options outstanding	Compensation options exercisable	Exercise price	Remaining contractual life (in years)
May 31, 2023	1,263,924	1,263,924	$ 0.65	0.17
May 31, 2023	772,560	772,560	$ 0.75	0.17
November 23, 2023	880,355	880,355	$ 0.65	0.65
April 6, 2024	345,341	345,341	$ 0.50	1.02
April 6, 2024	573,967	573,967	$ 0.60	1.02
April 6, 2024	84,507	84,507	$ 0.71	1.02

15. 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, the Chief Financial Officer and the VP Exploration.

(in Canadian Dollars)

During the year ended March 31, 2023 and 2022, compensation of key management personnel, including directors, was as follows:

		Year ended March 31, 2023		**Year ended March 31, 2022**
Salaries, management fees and other employee benefits [1]	$	899,833	$	1,030,927
Stock-based compensation		1,708,376		2,277,285
Total	$	2,608,209	$	3,308,212

1) Includes $619,833 recorded in consulting fees and $280,000 capitalized to exploration and evaluation assets (2022 - $641,000 and $389,927, respectively).

As at March 31, 2023, the Company owed a total of $222,979 to key management personnel in respect of services provided to the Company, (March 31, 2022 - $522,748) and $9,548 in respect of expenses incurred on behalf of the Company (March 31, 2022 - $102,149)

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. As at March 31, 2023, total interest accrued on the advance was $477, and is included within the amounts receivable balance.

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. Sentinel has a continuing service agreement with the Company.

During the year ended March 31, 2023, the Company incurred expenses with Sentinel for administration, corporate and financial reporting services of $142,500 (2022 - $57,000). As at March 31, 2023, there was $17,500 (March 31, 2022 - $45,150) owing to Sentinel for services and $11 owing to Sentinel in respect of expenses incurred on behalf of the Company (March 31, 2022 - $31,535).

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.

16. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

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

		March 31, 2023		**March 31, 2022**
Financial assets:				
Fair value through profit or loss				
Cash and cash equivalents	$	1,237,564	$	12,105,759
Amortized cost				
Amounts receivable		241,684		837,852
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	1,797,116	$	2,469,585

Amounts receivable and accounts payable and accrued liabilities includes amounts due to and due from related parties (Note 15).

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 and the impact on the Company's condensed consolidated interim financial statements are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2023, the Company was exposed to credit risk on its cash and cash equivalents and other receivables. The Company's cash and cash equivalents are held with high credit quality financial institutions in Canada and as at March 31, 2023, management considers its exposure to credit risk to be low. The Company's maximum exposure to credit risk is equal to the carrying amount of its cash and cash equivalents and other receivables.

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 March 31, 2023, the Company had cash and cash equivalents of $1,237,564 and accounts payable and accrued liabilities of $1,797,116 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. In April 2023, the Company completed a private placement for aggregate gross proceeds of $6,900,000 (Note 20). 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.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to significant currency, interest or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at March 31, 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. As at March 31, 2023, the Company was not exposed to foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at March 31, 2023.

17. 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 year ended March 31, 2023.

(in Canadian Dollars)

18. 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.

19. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	March 31, 2023	March 31, 2022
Loss before income taxes for the year	$ (2,344,052)	$ (6,649,472)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	$ (633,000)	$ (1,795,000)
Tax effect of:		
Change in statutory, foreign tax, foreign exchange rates and other	-	(180,000)
Impact of future milestone payments	(900,000)	5,400,000
Permanent differences	(180,000)	990,000
Impact of flow through shares	5,830,000	1,641,000
Share issue costs	(388,000)	(610,000)
True up in respect of prior years	(202,000)	(173,000)
Change in unrecognized deferred income tax assets	1,150,000	1,553,000
Income tax provision	$ 4,677,000	$ 6,826,000
Current income tax	$ -	$ -
Deferred income tax	$ 4,677,000	$ 6,826,000

The significant components of the Company's deferred income tax assets and liabilities as at March 31, 2023 and 2022 are as follows:

Deferred income tax assets (liabilities)	March 31, 2023	March 31, 2022
Exploration and evaluation assets	$ (12,242,000)	$ (7,312,000)
Share issuance costs	133,000	-
Right of use assets	(87,000)	(56,000)
Lease liability	86,000	56,000
Non-capital losses	607,000	486,000
Net deferred income tax liability	$ (11,503,000)	$ (6,826,000)

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	March 31, 2023		March 31, 2022	
	$	Expiry date range	$	Expiry date range
Exploration and evaluation assets	153,000	No expiry	153,000	No expiry
Property and equipment	-	No expiry	7,000	No expiry
Share issue costs	3,362,000	2043 to 2047	2,752,000	2043 to 2046
Flow through premium liability	1,002,000	No expiry	1,002,000	No expiry
Lease liability	-	No expiry	125,000	No expiry
Non-capital losses available for future periods	6,379,000	2039 to 2043	2,604,000	2039 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

20. SUBSEQUENT EVENTS

On April 13, 2023, the Company completed a private placement for aggregate gross proceeds of $6,900,000. In connection with the private placement, the Company issued 16,419,220 units ("Units") at a price of $0.17 per unit, and 21,070,423 flow-through units ("FT units") at a price of $0.195 per flow-through unit. Each Unit is comprised of one common share of the Company and one-half common share purchase warrant. Each FT unit is comprised of one flow-through common share and one-half common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of $0.25, for a period of 24 months following the closing of the private placement.

In connection with the private placement, the Company paid to the Agents a cash commission of $373,552 and issued 2,011,912 compensation warrants. Each compensation warrant entitled the holder to purchase one common share at an exercise price of $0.17 for a period of 24 months. The Agents also received an aggregate advisory fee comprising $11,000 and 64,705 advisory warrants, under the same terms as the compensation warrants.

On April 24, 2023, the Company granted 4,100,000 options to certain directors, officers, employees and consultants. The options are exercisable at a price of $0.25 per common share for a period of 5 years. Of the options, 3,900,000 will vest 1/3 on October 24, 2023, 1/3 on October 24, 2024, and 1/3 on October 24, 2025; and 200,000 will vest 1/3 immediately, and 1/3 annually thereafter.

On the same date, the Company granted 1,673,968 restricted share units (the "RSU's"), pursuant to the Company's Omnibus Incentive Plan. The RSU's will fully 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.

In addition, certain directors and officers of the Company agreed to forgive an aggregate of $151,500 of debt, representing accrued consulting fees incurred during the period from January 2023 to March 2023 and directors' fees incurred during the period from July 2022 to March 2023.

On May 8, 2023, the Company staked the Hillcrest claim group (the "Hillcrest Claims") for $19,500.

On May 16, 2023, the Company settled outstanding accounts payable of $513,157.18 through the issuance of 3,018,572 units at a deemed price of $0.17 per unit on the same terms as the April 2023 Non-Flow-Through Units (defined herein).

On May 31, 2023, 772,650 compensation options with an exercise price of $0.75 and 1,263,924 compensation options with an exercise price of $0.65 expired unexercised. These compensation options were issued on February 26, 2021.