



# **Newfoundland Discovery Corp.**

(An exploration stage company)

## **Consolidated Financial Statements**

(Expressed in Canadian Dollars)

**April 30, 2023 and 2022**

---

## **Contents**

Independent Auditor's Report .....	3
Consolidated Statements of Financial Position .....	7
Consolidated Statements of Operations and Comprehensive Loss .....	8
Consolidated Statements of Changes in Equity .....	9
Consolidated Statements of Cash Flows .....	10
Notes to the Consolidated Financial Statements .....	11
Schedules of Exploration and Evaluation Assets .....	38

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Newfoundland Discovery Corp.:

### **Opinion**

We have audited the consolidated financial statements of Newfoundland Discovery Corp. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audits 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 audits 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 audits is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating 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 for the year ended April 30, 2023. 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 of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Assessment of impairment indicators for exploration and evaluation assets</b>	
Refer to note 7 of the consolidated financial statements.	Our approach to addressing the matter involved the following procedures, among others:
<p>As at April 30, 2023, the carrying amount of the Company's exploration and evaluation assets was \$11,904,308.</p> <p>At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any one of the following indicators:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>Impairment indicators were identified for the Company's Goldson, JMW and Maxwell, and Schefferville properties. The carrying amounts exceeded the recoverable amounts of these assets and for the year ended April 30, 2023, impairments of \$1,575,124 were recognized.</p> <p>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in determining impairment indicators, which included the following:</p> <ul style="list-style-type: none"> <li>• Obtained evidence to support (i) the right to explore the area and (ii) claim expiration dates, by reference to government license registries for a sample of claims under the related purchase and property option agreements;</li> <li>• Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned expenditures;</li> <li>• Assessed whether available data indicates the potential for commercially viable mineral resources;</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul>

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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 period 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 Simi Sodhi.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
August 25, 2023

# Newfoundland Discovery Corp.

(An exploration stage company)

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	April 30, 2023	April 30, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 15)	\$ 805,870	\$ 1,583,224
Accounts receivable	19,434	65,171
Prepaid expenses and deposits	74,288	591,209
	899,592	2,239,604
<b>Non-current assets</b>		
Investments (note 5)	1,285,847	3,284
Reclamation bonds (note 6)	13,000	13,000
Exploration and evaluation assets (note 7 and schedules)	11,904,308	10,002,474
	\$ 14,102,747	\$ 12,258,362
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 10)	\$ 522,041	\$ 63,391
Flow-through share premium (notes 8 and 9)	-	271,628
Site restoration obligation (note 6)	48,967	148,967
	571,008	483,986
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 9)	30,386,011	26,298,333
Share-based payment reserve	1,734,898	2,013,254
Accumulated other comprehensive income	20,169	1,934
Deficit	(18,609,339)	(16,539,145)
	13,531,739	11,774,376
	\$ 14,102,747	\$ 12,258,362

Nature of Operations and Going Concern (note 1)

Commitments (notes 7 and 14)

Subsequent Events (note 18)

Approved on behalf of the Board of Directors August 25, 2023

/s/ David Michaud

/s/ Jeremy Prinsen

The accompanying Notes and Schedules to the Consolidated Financial Statements are an integral part of these financial statements

# Newfoundland Discovery Corp.

(An exploration stage company)

## Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Years Ended April 30	
	2023	2022
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting and audit	\$ 44,881	\$ 35,693
Consulting fees (note 10)	180,575	228,008
Insurance	17,356	14,779
Investor relations and shareholder information	590,093	478,070
Legal fees	36,552	114,932
Listing and filing fees	19,963	18,368
Management fees (note 10)	216,590	211,714
Office	31,426	5,579
Rent	46,600	48,000
Share-based payments (notes 9 and 10)	174,987	-
Site investigation fee	12,650	-
Transfer agency fees	9,697	14,591
Travel and accommodation	53,223	18,727
	(1,434,593)	(1,188,461)
<b>OTHER INCOME (EXPENSES)</b>		
Interest income	15,086	11,988
Flow-through premium	271,628	311,968
Gain on sale of exploration and evaluation assets (note 7 and schedules)	421,911	-
Write-down of exploration and evaluation assets (note 7 and schedules)	(1,575,124)	(224,250)
<b>LOSS FOR THE YEAR</b>	<b>(2,301,092)</b>	<b>(1,088,755)</b>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>		
Item that will not be reclassified subsequently to profit or loss		
Unrealized gain (loss) on investments (note 5)	18,235	(1,294)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>\$ (2,282,857)</b>	<b>\$ (1,090,049)</b>
<b>LOSS PER SHARE</b> (basic and diluted)	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b> (basic and diluted)	<b>56,890,353</b>	<b>40,266,557</b>

The accompanying Notes and Schedules to the Consolidated Financial Statements are an integral part of these financial statements



# Newfoundland Discovery Corp.

(An exploration stage company)

## Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share Number	Capital Amount	Share-Based Payment Reserve	Accumulated Other Comprehensive Income	Deficit	Total
<b>Balances, April 30, 2021</b>	<b>34,843,511</b>	<b>22,833,479</b>	<b>1,423,781</b>	<b>3,228</b>	<b>(15,450,390)</b>	<b>8,810,098</b>
Shares and warrants issued for cash, net of flow-through share premium	1,985,000	796,800	-	-	-	796,800
Shares issued for exploration and evaluation assets	5,595,285	2,695,407	-	-	-	2,695,407
Share issue costs	-	(27,353)	9,473	-	-	(17,880)
Reserve for share issuance obligation (note 7)	-	-	580,000	-	-	580,000
Loss for the year	-	-	-	-	(1,088,755)	(1,088,755)
Other comprehensive loss	-	-	-	(1,294)	-	(1,294)
Unrealized loss on investments (note 5)	-	-	-	(1,294)	-	(1,294)
<b>Balances, April 30, 2022</b>	<b>42,423,796</b>	<b>\$ 26,298,333</b>	<b>\$ 2,013,254</b>	<b>\$ 1,934</b>	<b>\$ (16,539,145)</b>	<b>\$ 11,774,376</b>
Shares and warrants issued for cash	11,593,399	695,604	-	-	-	695,604
Shares issued for exploration and evaluation assets	5,483,305	570,079	(135,000)	-	-	435,079
Shares issued for acquisitions of exploration and evaluation assets – Sugaree Property (note 17)	32,000,000	2,560,000	-	-	-	2,560,000
Shares issued for finders' fees – Chubb Property (note 7)	1,142,857	160,000	-	-	-	160,000
Share issue costs	-	(22,182)	12,732	-	-	(9,450)
Reserve for share issuance obligation (notes 7 and 16)	-	-	24,000	-	-	24,000
Transfer upon option and warrant expiration	-	124,177	(355,075)	-	230,898	-
Share-based payments	-	-	174,987	-	-	174,987
Loss for the year	-	-	-	-	(2,301,092)	(2,301,092)
Other comprehensive loss	-	-	-	18,235	-	18,235
Unrealized gain on investments (note 5)	-	-	-	18,235	-	18,235
<b>Balances, April 30, 2023</b>	<b>92,643,357</b>	<b>\$ 30,386,011</b>	<b>\$ 1,734,898</b>	<b>\$ 20,169</b>	<b>\$ (18,609,339)</b>	<b>\$ 13,531,739</b>

The accompanying Notes and Schedules to the Consolidated Financial Statements are an integral part of these financial statements

# Newfoundland Discovery Corp.

(An exploration stage company)

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Years Ended April 30	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
Loss for the year	\$ (2,301,092)	\$ (1,088,755)
Adjustments for items not involving cash:		
Share-based payments	174,987	-
Flow-through premium	(271,628)	(311,968)
Gain on sale of exploration and evaluation assets	(421,911)	-
Write-down of exploration and evaluation assets	1,575,124	224,250
	(1,244,520)	(1,176,473)
Changes in non-cash working capital:		
Accounts receivable	45,737	30,968
Prepaid expenses and deposits	516,921	342,494
Accounts payable and accrued liabilities	458,650	(100,903)
Net cash used in operating activities	(223,212)	(903,914)
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of exploration and evaluation assets	775,000	-
Investment in exploration and evaluation assets	(2,015,296)	(1,734,898)
Net cash used in investing activities	(1,240,296)	(1,734,898)
<b>FINANCING ACTIVITY</b>		
Proceeds from issuance of shares and warrants, net	686,154	780,120
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(777,354)	(1,858,692)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,583,224	3,441,916
<b>CASH AND CASH EQUIVALENTS, end of year (note 15)</b>	\$ 805,870	\$ 1,583,224
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest received	\$ 15,086	\$ 11,988
Income taxes	-	-

Non-cash Transactions (note 16)

The accompanying Notes and Schedules to the Consolidated Financial Statements are an integral part of these financial statements

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

**April 30, 2023 and 2022**

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Newfoundland Discovery Corp. is incorporated under the laws of the Province of British Columbia, Canada. The Company owns interests in exploration and evaluation assets in the Provinces of Newfoundland and Labrador, Quebec, Ontario and British Columbia, Canada, and its principal business is the exploration and development of those assets. The Company's head office and principal place of business is 700 – 838 West Hastings Street, Vancouver, British Columbia, Canada.

The Company is in the exploration stage with respect to its exploration and evaluation assets and has not yet determined whether those assets contain ore reserves that are economically recoverable.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's legal interest in the assets, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition of the assets.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and meet its obligations in the ordinary course of business. As of April 30, 2023, the Company had working capital of \$328,584 (2022 – \$1,755,618), recurring negative cash flows from operating activities, and an accumulated deficit of \$18,609,339 (2022 – \$16,539,145). The Company will need to raise new funds through the sale of shares to maintain operations and carry out its planned exploration.

There is a material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments for the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

### 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 and the Interpretations of the IFRS Interpretations Committee.

#### ***Measurement basis***

These consolidated financial statements have been prepared on an historical cost basis except for certain financial instruments that are measured at fair value, including investments. All dollar amounts presented are in Canadian dollars, which is the Company's functional and presentation currency, unless otherwise specified.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 2. BASIS OF PRESENTATION (continued)

#### ***Basis of consolidation***

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary 1000377311 Ontario Inc. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company controls a subsidiary when it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the year. Actual outcomes could differ from these judgments and estimates. Revisions to accounting estimates are recognized in the year in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the date of the Consolidated Statements of Financial Position that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but are not limited to:

#### ***Critical accounting judgments***

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

##### Business combinations

The application of the Company's accounting policy for business combinations requires management to make certain judgments on a case-by-case basis as to the determination of the accounting method of an acquisition to determine if the assets acquired meet the definition of a business requiring the acquisition method of accounting for a business combination or an asset acquisition by application of the optional asset concentration test. Pursuant to this assessment, the acquisition of 1000377311 Ontario Inc. was determined to be an asset acquisition (note 17).

##### Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available indicating that an exploration and evaluation asset may be impaired, the entity performs a test for recoverability and recognizes an impairment loss if the carrying amount exceeds the recoverable amount.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

#### *Critical accounting estimates*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the year that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but are not limited to:

#### Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for the share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the stock option, expected forfeiture rate, and volatility, and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are described in notes 4 and 9.

#### Reclamation and environmental obligations

Reclamation provisions have been recognized based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time reclamation costs are incurred.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Financial instruments*

The Company recognizes a financial asset or financial liability in the Consolidated Statements of Financial Position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

#### Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- b) those to be measured subsequently at amortized cost.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments (continued)*

##### Classification and Measurement (continued)

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- a) amortized cost;
- b) FVTPL if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- c) FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at FVTOCI or amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash and cash equivalents, investments, and reclamation bonds. Cash and cash equivalents are classified and measured at FVTPL with realized and unrealized gains or losses related to changes in fair value reported in profit or loss, and reclamation bonds are classified at amortized cost. The Company's investments are classified and measured at FVTOCI with realized and unrealized gains or losses related to changes in fair value reported in other comprehensive income. The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments (continued)*

##### Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

#### *Cash and cash equivalents*

Cash and cash equivalents recorded in the Consolidated Statements of Financial Position comprise cash at banks and cashable short-term deposits, which are readily convertible into a known amount of cash, and subject to insignificant risk of changes in fair value.

#### *Exploration and evaluation assets*

##### Pre-exploration costs

Pre-exploration costs are costs incurred before the Company has obtained the legal rights to explore a specific area and are recognized in profit or loss.

##### Exploration and evaluation expenditures

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. The costs are accumulated by exploration area and not depreciated pending determination of technical feasibility and commercial viability. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed.

The Company may occasionally enter into farm-out arrangements whereby the Company will transfer part of a mineral interest as consideration for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain in profit or loss.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Exploration and evaluation assets (continued)*

Exploration and evaluation expenditures (continued)

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven or probable reserves exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been determined. Upon determination of proven or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment with any carrying amount in excess of the recoverable amount recognized as an impairment in profit or loss at the time of reclassification.

Exploration and evaluation expenditures are classified as intangible assets.

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

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell, and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an ordinary transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year.

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



# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Business combinations and asset acquisitions***

The acquisition method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. Identifiable assets acquired and liabilities (including provisions) assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in profit or loss. Business combination associated transaction costs are expensed when incurred. In determining whether an entity meets the definition of a business, there is an optional concentration test which is a simplified assessment that results in the acquisition being an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If an entity chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process, and the acquisition is accounted for as a business combination. The cost of an acquisition that does not meet the definition of a business under IFRS and does not qualify as a business combination is measured as the fair value of the consideration given and liabilities incurred or assumed at the date of exchange. No goodwill arises on an asset acquisition and the cost of the assets acquired and liabilities assumed are allocated to the assets and liabilities on the basis of their relative fair values at the date of purchase. Asset acquisition associated transaction costs are capitalized as a cost of the acquisition.

#### ***Share capital***

Common shares, options and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, options and warrants are recognized as a deduction from equity, net of any tax effects.

The Company bifurcates units which consist of common shares and share purchase warrants using the residual value method, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to share-based payment reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to share capital.

Warrants issued as finders' and agents' fees are recorded at fair value measured using the Black-Scholes option pricing model. Expected annual volatility is estimated using historical volatility.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Flow-through shares***

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period before a 10% penalty tax applies on any unspent amount that has been renounced.

#### ***Share-based payment transactions***

The Company's stock option plan allows its employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

All share-based payments made to employees and non-employees are measured at fair value. For employees, fair value is measured as the fair value of the equity instruments at the grant date. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received using the Black-Scholes option pricing model. Expected annual volatility is estimated using historical volatility.

Stock options that vest over time are recognized using the graded vesting method. Share-based payments are recognized as an expense or, if applicable, capitalized to exploration and evaluation assets or share issue costs, with a corresponding increase in reserves. At each financial reporting period, the amount recognized as expense is adjusted to reflect the number of stock options expected to vest. When stock options are ultimately exercised, forfeited or expire, the applicable amounts of reserves are transferred to share capital or deficit.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Share-based payment transactions (continued)***

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

#### ***Income taxes***

Income tax on the profit or loss for the years presented 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 the taxable income for the year using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with respect to previous years.

Deferred tax is provided using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of the Statement of Financial Position. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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.

#### ***Provisions***

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Site restoration obligation***

The Company recognizes the fair value of a legal or constructive liability for a site restoration obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a site restoration obligation due to the passage of time will be measured by applying an effective-interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

#### ***Loss per share***

Basic income (loss) per common share is computed by dividing the income (loss) for the year by the weighted average number of common shares outstanding for the year. Diluted per-share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted income (loss) per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year. Diluted loss per share equals basic loss per share where the effect of dilutive instruments would be anti-dilutive.

#### ***Comprehensive loss***

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in income (loss), such as unrealized gains or losses on investments, gains or losses on certain derivative instruments, and certain foreign currency gains or losses. The Company's comprehensive income (loss) and components of other comprehensive income (loss) are presented in the Statements of Operations and Comprehensive Loss and the Statements of Changes in Equity.

#### ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company***

At the date of authorization of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Company's consolidated financial statements.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 5. INVESTMENTS

Investments in shares comprise the following:

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2023 Fair Value
Alchemist Mining Inc.	500	\$ 900	\$ (600)	\$ 300
Discovery Silver Corp.	2,062	450	1,736	2,186
Burley Minerals Ltd.	4,770,150	1,264,328	19,033	1,283,361
		\$ 1,265,678	\$ 20,169	\$ 1,285,847

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2022 Fair Value
Alchemist Mining Inc.	500	\$ 900	\$ (750)	\$ 150
Discovery Silver Corp.	2,062	450	2,684	3,134
		\$ 1,350	\$ 1,934	\$ 3,284

During the year ended April 30, 2023, the Company recorded an unrealized gain of \$18,235 (2022 – \$1,294 unrealized loss) in other comprehensive income.

Alchemist Mining Inc., Discovery Silver Corp. and Burley Minerals Ltd. are listed companies. The fair value of these investments was determined using quoted market prices at the date of the Consolidated Statements of Financial Position. In February 2023, the Company received 4,770,150 ordinary shares of Burley Minerals Ltd. with a fair value of \$1,264,328, in respect of the sale of the Chubb Property (note 7).

### 6. RECLAMATION BONDS AND SITE RESTORATION OBLIGATION

The Company has deposited funds and hypothecated term deposits totalling \$13,000 (2022 – \$13,000) as security to the Province of British Columbia for future mineral claims site reclamation. The term deposits bear interest at a weighted average rate of 1.73% per annum (2022 – 0.6%).

The Company has recognized a site restoration obligation of \$48,967 (2022 – \$148,967) in respect of the reclamation of its exploration and evaluation assets. The Company expects to incur these costs within the next 12 months. A summary of the changes in the Company's site restoration obligation for the years ended April 30, 2023 and 2022 is as follows:

	April 30, 2023	April 30, 2022
Balance, beginning of year	\$ 148,967	\$ 148,967
Reclamation activities undertaken	(100,000)	-
Balance, end of year	\$ 48,967	\$ 148,967

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 7. EXPLORATION AND EVALUATION ASSETS

#### ***Burse and Grub Property***

In May and June 2021, the Company entered into two option agreements and one purchase agreement to acquire 258 mineral claims comprising 6,450 hectares approximately 45 kilometres northeast of Gander, Newfoundland. To exercise the options and acquire the claims, the Company paid \$25,500 (all of which has been paid) and issued 792,000 shares (all of which have been issued, with a fair value of \$0.43 per share) and must incur \$325,000 of exploration expenditures (of which, \$300,000 has been incurred) on the claims within two years (amended to three years in May 2023). A portion of the claims is subject to a 1% net smelter returns royalty and a portion is subject to a 2% net smelter returns royalty of which the Company may purchase three-quarters at any time for \$2,000,000. The Company paid a finder's fee of 9,990 shares with a fair value of \$0.41 per share in respect of one of the options. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Chubb and Bouvier Property***

In 2017, the Company acquired 37 mineral claims covering approximately 1,594 hectares located near Val d'Or, Quebec, Canada by paying \$60,000 cash, issuing 600,000 common shares with a fair value of \$0.54 per share, and granting a 2% gross metal royalty to the vendor. The Company also paid a finder's fee of 42,000 common shares with a fair value of \$0.54 per share in respect of the transaction. A portion of the property is also subject to a 1% net smelter returns royalty which can be repurchased for \$200,000.

In December 2022, the Company entered into a definitive agreement to sell 100% interest in the Bouvier Property. The Company closed the sale of the Bouvier Property in December 2022 for \$275,000 in cash.

In February 2023, the Company closed the sale of the Chubb Property for \$500,000 and 4,770,150 ordinary shares of Burley Minerals Ltd., a company listed on the Australian Securities Exchange with a fair value of \$1,264,328, determined using quoted market prices on the closing date of the agreement.

Pursuant to these sale transactions, the Company paid finders' fees of \$54,250, issued 1,142,857 common shares at their fair value of \$0.14 per share (\$160,000 total) for finder's fees and recorded a gain on sale of exploration and evaluation assets of \$421,911. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Dickison Lithium Property***

In March 2023, the Company entered into an option agreement to acquire 330 mineral claims comprising 6,933 hectares approximately 54 kilometres north of Terrace Bay, Ontario. To exercise the options and acquire the claims, the Company must pay the optionors \$128,000 (of which \$26,000 has been paid) and issue 1,000,000 shares (of which 600,000 have been issued, with a fair value of \$0.145 per share for a total of \$87,000) within three years. The property is subject to a 1.5% net smelter returns royalty, of which the Company may purchase 0.5% for \$750,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

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

#### ***Goldson Property***

In September 2021, the Company entered into an option agreement to acquire 221 mineral claims comprising 5,525 hectares located approximately 58 kilometres northeast of Gander, Newfoundland. To exercise the option and acquire the claims, the Company must pay the optionors \$150,000 (of which \$50,000 has been paid), issue 1,950,000 shares (of which 600,000 shares with an aggregate fair value of \$150,000 have been issued) within three years, and grant to the optionors a 2% net smelter returns royalty of which the Company may purchase half at any time for \$1,000,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

For the year ended April 30, 2023, the Company elected to terminate its Goldson Property option due to a comprehensive project review that determined that resources should be allocated to more strategically aligned properties. Accordingly, the Company recognized a write-down of \$248,485. In connection with the termination, the Company agreed to issue 300,000 common shares to the optionors.

#### ***JMW and Maxwell Properties***

In November 2022, the Company entered into two option agreements to acquire up to an 85% interest in the JMW and Maxwell properties, located in the Chapais-Chibougamau Area, Quebec.

The Company may earn a 70% interest in the JMW property in return for a cash payment of \$5,000 (all of which has been paid), staged share payments totaling 875,000 shares (of which 125,000 shares have been issued, with a fair value of \$0.055 per share for a total of \$6,875) and \$1,500,000 of work commitments (of which \$380,277 has been incurred) by the year 3 anniversary. The Company may earn an additional 15% interest by completing a NI 43-101 compliant report on the property.

The Company may earn a 70% interest in the Maxwell property in return for a cash payment of \$5,000 (all of which has been paid), staged share payments totaling 575,000 shares (of which 125,000 shares have been issued, with a fair value of \$0.055 per share for a total of \$6,875) and \$1,000,000 of work commitments (of which \$285,769 has been incurred) by the year 3 anniversary. The Company may earn an additional 15% interest by completing a NI 43-101 compliant report on the property. The Company paid a finder's fee of 200,000 common shares at their fair value of \$0.05 per share (\$10,000 total) in respect of the two option agreements.

For the year ended April 2023, the Company elected to terminate the two options due to a comprehensive project review that determined that resources should be allocated to more strategically aligned properties. Accordingly, the Company recognized a write-down of \$700,796. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets

#### ***Newlands Lithium Property***

In April 2023, the Company entered into an option agreement to acquire 11 mineral claims comprising 4,962 hectares approximately 70 kilometres southwest of Hearst, Ontario. To exercise the options and acquire the claims, the Company must pay the optionors \$128,000 (of which \$26,000 has been paid) and issue 1,000,000 shares (of which 600,000 have been issued, with a fair value of \$0.145 per share for a total of \$87,000) within three years. The property is subject to a 1.5% net smelter returns royalty, of which the Company may purchase 0.5% (one-third) for \$750,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

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

#### ***Northbound Property***

In February 2020, the Company entered into an option agreement to purchase 21 mineral claims comprising 1,162 hectares located approximately 85 kilometres northwest of the town of Matagami in northern Quebec. The Company exercised its option in September 2020 by paying to the optionors a total of \$135,000 cash, issuing 3,600,000 common shares with a fair value of \$0.41 per share and granting to the optionors a 3% net smelter returns royalty. The Company may purchase two-thirds of the royalty at any time for \$1,000,000.

In March and July 2020, the Company purchased an additional 35 mineral claims covering 1,914 hectares adjacent to the original Northbound claims for \$20,000 cash, 250,000 common shares with a fair value of \$0.40 per share, and a 3% net smelter returns royalty relating to 29 of those claims. The Company may purchase two-thirds of the royalty at any time for \$1,500,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Robinson's Salt Property***

In September 2022, the Company acquired 2 mineral licenses totalling 10 claim blocks and covering 250 hectares within the Codroy Group on the southwestern coast of Newfoundland, Canada by issuing 2,000,000 common shares with a fair value of \$0.08 per share (\$160,000 total). The property is subject to a 2% net smelter returns royalty, of which the Company may purchase 1% (being 50%) for \$1,000,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Rodgers Cove Property***

In June 2021, the Company entered into an option agreement to acquire 147 mineral claims comprising 3,675 hectares approximately 45 kilometres north of Gander, Newfoundland. To exercise the option and acquire the property, the Company must pay the optionors \$35,000 (all of which has been paid), issue 849,915 shares (of which 566,610 shares have been issued, with a fair value of \$0.29 per share), incur \$250,000 of exploration expenditures (all of which has been incurred) on the claims within two years, and grant to the optionors a 2% net smelter returns royalty of which the Company may purchase three-quarters at any time for \$2,000,000. The Company paid a finder's fee of 84,990 shares with a fair value of \$0.41 per share in respect of the option. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Schefferville Property***

In August 2022, the Company entered into an option agreement in which it may earn up to a 100% interest in the Schefferville Gold Project which consists of the Sable and Hamard Blocks in Quebec, Canada. The Company may earn a 50% interest in the project in return for staged share payments totaling 9.9% of its shares (of which 200,000 shares have been issued, with a fair value of \$0.115 per share for a total of \$23,000) and \$4,000,000 of work commitments by December 31, 2025, including \$1,300,000 by the end of 2022, and a 100% interest by issuing 19.9% of its shares (less shares already issued) and completing a total of \$7,500,000 of work commitments by December 31, 2026.



# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

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

#### ***Schefferville Property (continued)***

For the year ended April 30, 2023, the Company elected to terminate the option agreement due to a comprehensive project review that determined that resources should be allocated to more strategically aligned properties. Accordingly, the Company recognized a write-down of \$625,843. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Southern Star Property***

In June 2020, the Company purchased 219 mineral claims comprising 12,156 hectares located northwest of the town of Matagami, Quebec and south of the Company's Northbound Property for a total of \$26,500 cash, 750,100 common shares with a fair value of \$0.44 per share, a 3% net smelter returns royalty over 143 of the claims of which two-thirds of the royalty may be repurchased for \$3,000,000, and a 1.5% net smelter returns royalty over 76 of the claims of which half of the royalty may be repurchased for \$500,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Southwest Pond Property***

In July 2021, the Company entered into an agreement to purchase 318 mineral claims comprising 7,950 hectares in northeastern Newfoundland. Under the agreement, the Company must pay the vendors \$60,000 (all of which has been paid) and issue 1,500,000 shares (all of which has been issued with a fair value of \$0.28 per share). Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Sugaree Property***

In January 2023, the Company acquired 340 claims comprising 2,376-hectares located in the Quetico Subprovince located roughly 15 kilometres south of Hearst, Ontario (see note 17). Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Unity Group Property***

In July 2021, the Company acquired five claim blocks comprising 366 mineral claims covering 9,150 hectares in northeastern Newfoundland for \$150,000, 3,200,000 shares with a fair value of \$0.50 per share (\$1,600,000 total), and a 2% net smelter returns royalty of which the Company may purchase half for \$1,500,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### ***Urban Thunder Property***

In 2017, the Company acquired 20 mineral claims covering approximately 1,127 hectares in the Windfall Lake area of Quebec, Canada for \$20,000, 750,000 shares with a value of \$0.16 per share, and a 2% net smelter returns royalty. The Company also paid a finder's fee totaling 75,000 shares with a value of \$0.16 per share. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

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

#### *Valentine Mountain Property*

In 2008 and 2009, the Company acquired a 100% interest in 25 mineral claims comprising approximately 7,188 hectares and two overlying placer claims comprising 43 hectares on Valentine Mountain located 50 kilometres west northwest of Victoria, British Columbia, Canada for total consideration of \$39,158 and 29,167 common shares of the Company valued at \$270,000. One of the claims is subject to a 5% net smelter returns royalty, which the Company may repurchase for \$1,000,000. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

#### *Wigwam Brook Property*

In May 2022, the Company elected to terminate its option and accordingly recorded a write-down of \$224,250 during the year ended April 30, 2022. Refer to the Schedules of Exploration and Evaluation Assets for a summary of expenditures and continuity of exploration and evaluation assets.

### 8. FLOW-THROUGH SHARE PREMIUM

A summary of the changes to the Company's flow-through share premium liability during the years ended April 30, 2023 and 2022 is as follows:

	April 30, 2023	April 30, 2022
Balance, beginning of year	\$ 271,628	\$ 582,396
Flow-through share premium upon the issuance of flow-through common shares	-	1,200
Extinguishment upon incurring qualifying resource expenditures	(271,628)	(311,968)
Balance, end of year	\$ -	\$ 271,628

### 9. SHARE CAPITAL

#### *Authorized*

An unlimited number of common shares without par value.

#### *Issued*

In May 2022, the Company issued 283,305 common shares with a fair value of \$0.16 per share (\$45,329 total) in respect of an option to purchase exploration and evaluation assets (Rodgers Cove Property).

In July 2022, the Company issued 1,000,000 common shares with a fair value of \$0.135 per share (\$135,000 total) pursuant to the Southwest Pond Property agreement.

In August 2022, the Company issued 200,000 common shares with a fair value of \$0.115 per share (\$23,000 total) for the option to purchase exploration and evaluation assets (Schefferville Property).

In September 2022, the Company issued 350,000 common shares with a fair value of \$0.10 per share (\$35,000 total) for the option to purchase exploration and evaluation assets (Goldson Property). The Company also issued 2,000,000 common shares with a fair value of \$0.08 per share (\$160,000 total) for the purchase of exploration and evaluation assets (Robinson's Salt Property).

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 9. SHARE CAPITAL (continued)

#### *Issued (continued)*

In November 2022, the Company issued 250,000 common shares with a fair value of \$0.055 per share (\$13,750 total) in respect of two options to purchase exploration and evaluation assets, and issued 200,000 shares with a fair value of \$0.055 per share (\$11,000 total) as finders' fees in respect of the transactions (JMW and Maxwell Properties).

In January 2023, the Company issued 32,000,000 common shares with a fair value of \$0.08 per share (\$2,560,000 total) in respect of the acquisition of 1000377311 Ontario Inc. in order to acquire exploration and evaluation assets (Sugaree Property).

In February 2023, the Company issued 1,142,857 common shares with a fair value of \$0.14 per share (\$160,000 total) for finders' fees for the sale of exploration and evaluation assets (Chubb and Bouvier Properties).

In February 2023, the Company issued, pursuant to a private placement, 11,593,399 units at a price of \$0.06 per unit for gross proceeds of \$695,604. Each unit consisted of one common share and one-half of a warrant. Each full warrant, in turn, allows the holder to purchase one common share at a price of \$0.10 per share for a period of 24 months. Warrants were valued at \$Nil using the residual value method. The Company paid cash finders' fees totaling \$9,450 and 157,500 finders' warrants with a fair value of \$12,732 in respect of the offering.

In March 2023, the Company issued 600,000 common shares with a fair value of \$0.145 per share (\$87,000 total) for the option to purchase exploration and evaluation assets (Dickison Lithium Property).

In April 2023, the Company issued 600,000 common shares with a fair value of \$0.10 per share (\$60,000 total) for the option to purchase exploration and evaluation assets (Newlands Lithium Property).

In May 2021, the Company issued 592,000 common shares with a fair value of \$0.43 per share (\$254,560 total) in respect of an option to purchase exploration and evaluation assets.

In June 2021, the Company issued 783,305 common shares with a fair value of \$0.41 per share (\$321,155 total) in respect of three options to purchase exploration and evaluation assets, and issued 169,980 shares with a fair value of \$0.41 per share (\$69,692 total) as finders' fees in respect of the transactions.

In July 2021, the Company issued 3,800,000 common shares with a weighted average fair value of \$0.51 per share (\$1,935,000 total) for the purchase of exploration and evaluation assets.

In September 2021, the Company issued 250,000 common shares with a fair value of \$0.46 per share (\$115,000 total) in respect of an option to purchase exploration and evaluation assets.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 9. SHARE CAPITAL (continued)

#### *Issued (continued)*

In November and December 2021, the Company issued, pursuant to a private placement, 1,945,000 non-flow-through units at a price of \$0.40 per unit and 40,000 flow-through units at a price of \$0.50 per unit for gross proceeds of \$798,000, including a flow-through share premium of \$1,200. Each non-flow-through unit consisted of one non-flow-through common share and one-half of a warrant. Each full warrant, in turn, allows the holder to purchase one non-flow-through share at \$0.60 during the first year following the closing and \$0.80 during the second year. Each flow-through unit comprised one flow-through common share and one-half of a warrant. Each full warrant, in turn, allows the holder to purchase one non-flow-through share at \$0.75 during the first year following the closing and \$1.00 during the second year. The Company paid cash finders' fees totaling \$17,880 and 41,400 finders' warrants with a fair value of \$9,473 in respect of the offering.

#### *Share purchase warrants*

The continuity of warrants during the years ended April 30, 2023 and 2022 is as follows:

	2023		2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	3,576,241	\$ 0.78	2,542,341	\$ 0.85
Issued	5,954,199	0.10	1,033,900	0.60
Expired	(2,542,341)	0.85	-	-
Balance, end of year	6,988,099	\$ 0.17	3,576,241	\$ 0.78

A summary of share purchase warrants outstanding as of April 30, 2023 and 2022 is as follows:

Exercise Price Per Share	Expiry Date	Number of Warrants Outstanding and Exercisable	
		2023	2022
\$0.85	August 13, 2022	-	2,462,341
\$0.85	October 16, 2022	-	80,000
\$0.75	November 24, 2023	20,000	20,000
\$0.60	November 24, 2023	981,750	981,750
\$0.60	December 20, 2023	32,150	32,150
\$0.10	February 9, 2025	5,954,199	-
Balance, end of year		6,988,099	3,576,241

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 9. SHARE CAPITAL (continued)

#### *Share purchase warrants (continued)*

The fair value of warrants issued to finders during the years ended April 30, 2023 and 2022 was \$12,732 (2022: \$9,473) and was estimated using the Black-Scholes option valuation model with the following assumptions:

	Total or Weighted Average	
	2023	2022
Number of finders' warrants	157,500	41,400
Estimated life	2 years	2 years
Share price at date of issuance	\$ 0.13	\$ 0.38
Finders' warrant exercise price	\$ 0.10	\$ 0.60
Risk-free interest rate	3.89%	0.31%
Estimated annual volatility based on historical volatility	106%	139%
Expected dividend rate	0%	0%

The weighted average fair value of warrants issued to finders on the issuance date was \$0.08 (2022: \$0.23).

#### *Share-based payments*

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time. The options expire not more than 10 years from the date of grant or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

The Company granted stock options with immediate vesting in February 2023 to twelve optionees to purchase 4,150,000 shares of the Company at a price of \$0.07 per share until February 28, 2026. The Company granted no stock options during the year ended April 30, 2022.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 9. SHARE CAPITAL (continued)

#### Share-based payments (continued)

The fair value of stock options granted during the years ended April 30, 2023 and 2022 was \$174,987 (2022: Nil) and was estimated using the Black-Scholes option pricing model with the following assumptions:

	Total or Weighted Average	
	2023	2022
Number of options	4,150,000	-
Number of options vested	4,150,000	-
Estimated life	3 years	-
Share price at date of vesting	\$ 0.065	-
Option exercise price	\$ 0.07	-
Risk-free interest rate	3.74%	-
Estimated annual volatility based on historical volatility	106%	-
Expected dividend rate	0%	-

The weighted average grant-date fair value was \$0.04 (2022: Nil).

A summary of the Company's outstanding and exercisable stock options as of April 30, 2023 and 2022, and the changes for the years ending on those dates is as follows:

	2023			2022		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, beginning of year	2,050,000	\$ 0.68	3.0	2,050,000	\$ 0.68	4.0
Granted	4,150,000	0.07		-	-	
Expired	(500,000)	0.48		-	-	
Balance, end of year	5,700,000	\$ 0.25	2.7	2,050,000	\$ 0.68	3.0

A summary of stock options outstanding as of April 30, 2023 and 2022 is as follows:

Exercise Price Per Share	Expiry Date	Number of Stock Options Outstanding and Exercisable	
		2023	2022
\$0.20	June 9, 2022	-	250,000
\$0.75	October 9, 2025	1,550,000	1,800,000
\$0.07	February 28, 2026	4,150,000	-
		5,700,000	2,050,000

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 10. RELATED PARTY TRANSACTIONS AND BALANCES

#### *Key management personnel transactions*

Key management personnel are those persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. The Company has identified its directors, Chief Executive Officer, and Chief Financial Officer as its key management personnel and has determined the companies they control to be management entities. The compensation costs for key management personnel for the years ended April 30, 2023 and 2022 are as follows:

	2023	2022
Management fees paid to a corporation controlled by the Company's former Chief Executive Officer	\$ 16,000	\$ 96,000
Management fees paid to a corporation controlled by the Company's Chief Executive Officer	83,000	-
Management fees paid to a director	24,000	24,000
Management fees paid to a corporation controlled by the Company's former Chief Financial Officer	12,190	91,714
Management fees paid to the Company's Chief Financial Officer	45,000	-
Consulting fees paid to a director	12,000	12,000
Fair value of stock options to purchase 1,300,000 shares of the Company at \$0.07 per share to two officers and three directors	54,815	-
	<u>\$ 247,005</u>	<u>\$223,714</u>

As at April 30, 2023, \$6,300 (April 30, 2022 - \$Nil) was due to key management personnel and management entities and is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

### 11. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk is the carrying value of its financial assets, which comprise cash, cash equivalents and reclamation bonds held with high creditworthy financial institutions, and which total \$818,870 (2022 – \$1,596,224). In the opinion of management, none of the Company's financial assets were exposed to significant credit risk as at April 30, 2023 or 2022.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 11. FINANCIAL INSTRUMENTS (continued)

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company had cash and cash equivalents at April 30, 2023 in the amount of \$805,870 (2022 – \$1,583,224) in order to meet short-term business requirements. At April 30, 2023, the Company had current liabilities of \$571,008 (2022 – \$483,986). Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms, and amounts due to related parties are without stated terms of interest or repayment (see note 1 – Nature of Operations and Going Concern).

#### **Market Risk**

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

##### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk has two components:

- a) The Company is exposed to interest rate cash flow risk on floating-rate financial instruments.
- b) The Company is exposed to interest rate fair value risk on fixed-rate financial instruments.

The Company's cash is currently held on deposit at a major bank. Management considers the interest rate risk to be minimal.

##### 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 not exposed to material 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 due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments as they are carried at fair value based on quoted market prices. Based on the investments balance as at April 30, 2023, a 10% change in share prices would have affected the Company's total comprehensive loss for the year by approximately \$128,585.



# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 11. FINANCIAL INSTRUMENTS (continued)

#### *Fair Value of Financial Instruments*

IFRS 13 – *Fair Value Measurement* – establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Company's cash and cash equivalents and investments is categorized as Level 1 in the Fair Value Hierarchy. The fair value of the Company's reclamation bonds approximates their carrying value because they bear interest at prevailing market rates. The fair value of the Company's accounts payable and accrued liabilities approximates their carrying values because of the short-term or on-demand nature, as applicable, of these instruments.

### 12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at April 30, 2023, the Company had \$13,531,739 of capital (2022 – \$11,774,376), an increase in capital of \$1,757,363 during the year ended April 30, 2023 (2022 – \$2,964,278).

The Company is not subject to any externally imposed capital requirements.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 13. INCOME TAXES

The reconciliation between tax provision (recovery) and the amounts computed by applying the statutory tax rate to the loss before income taxes is as follows:

	2023	2022
Loss before income taxes	\$ (2,301,092)	\$ (1,088,755)
Statutory rate	27%	27%
Tax recovery at the statutory rate	(621,295)	(293,964)
Impact of flow through shares	350,036	-
Items not taxable and other	(18,126)	(10,919)
Change in prior years' provision	259,886	137,667
Change in unrecognized deductible temporary differences	29,499	167,216
Tax provision (recovery) recognized in the year	\$ -	\$ -

The approximate tax-effected deductible (taxable) temporary differences, unused tax losses, and unused tax credits as of April 30, 2023 and 2022 are as follows:

	2023	2022
Non-capital loss carryforwards	\$ 2,003,898	\$ 1,705,759
Capital loss carryforwards	164,426	164,426
Canadian exploration and development expenditures	127,191	390,943
Investments	(2,723)	(261)
Share issuance costs	19,737	22,163
Other	2,839	2,839
	2,315,368	2,285,869
Unrecognized	(2,315,368)	(2,285,869)
	\$ -	\$ -

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 13. INCOME TAXES (continued)

The Company has non-capital losses of approximately \$7,421,900 available to reduce future years' income for tax purposes, the tax effect of which has not been recognized in these consolidated financial statements. If unused, the losses will expire as follows:

2026	\$	247,500
2027		287,800
2028		196,400
2029		302,100
2030		229,500
2031		224,500
2032		380,500
2033		412,200
2034		314,300
2035		235,500
2036		130,600
2037		367,800
2038		352,800
2039		157,000
2040		297,000
2041		1,291,000
2042		1,202,300
2043		793,100
		<hr/>
	\$	7,421,900

### 14. COMMITMENTS

Pursuant to consulting agreements with the Chief Financial Officer and companies controlled by the Chief Executive Officer and the Corporate Secretary, the Company is committed to monthly fees of \$6,000, \$10,000 and \$5,000, respectively. The agreements may be terminated by any party upon 90 days written notice.

Pursuant to the terms of flow-through share agreements effective February 28, 2020, August 21, 2020, November 20, 2020 and November 24, 2021, the Company agreed to incur qualifying resource expenditures of not less than \$3,171,000 by December 31, 2022 and renounce these expenditures to the shareholders. As of April 30, 2023, the Company had incurred greater than \$3,171,000 (April 30, 2022 – \$1,863,901) of expenditures that were qualifying resource expenditures and had an unspent flow-through commitment of \$Nil (April 30, 2022 – \$1,287,099).

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

### 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank balances and cashable short-term deposits with banks. Cash and cash equivalents included in the Statements of Cash Flows comprise the following amounts:

	2023	2022
Bank balances	\$ 805,870	\$ 243,531
Short term deposits restricted for exploration	-	1,339,693
Balance, end of year	\$ 805,870	\$ 1,583,224

### 16. NON-CASH TRANSACTIONS

During the year ended April 30, 2023, the Company issued 5,483,305 shares with a fair value of \$570,079 in respect of options to purchase and agreements to purchase exploration and evaluation assets and 157,500 finders' warrants with a fair value of \$12,732 in respect of a non-brokered private placement. The Company also issued 32,000,000 shares with a fair value of \$2,560,000 in respect to the acquisition of 1000377311 Ontario Inc. to acquire exploration and evaluation assets. In respect of the sale of the Chubb Property, the Company issued 1,142,857 shares with a fair value of \$160,000 for finders' fees and received 4,770,150 ordinary shares of Burley Minerals Ltd. with a fair value of \$1,264,328.

During the same year, warrants to purchase up to 162,012 shares at a price of \$0.85 per share, valued at \$124,177, and options to purchase up to 500,000 shares at a weighted average price of \$0.48 per share and valued at \$230,898, respectively, expired unexercised. In addition, the Company recorded a reserve for an obligation to issue 300,000 shares with a fair value of \$24,000 in respect of the termination of the Goldson Property option agreement and recognized an increase to share capital and a reduction to the share-based payment reserve upon issuance of 1,000,000 common shares at their fair value of \$135,000 in respect of the Southwest Pond Property (see note 7, respectively).

During the year ended April 30, 2022, the Company issued 5,595,285 shares with a fair value of \$2,695,407 in respect of options to purchase and agreements to purchase exploration and evaluation assets and issued 41,400 finders' warrants with a fair value of \$9,473 in respect of a non-brokered private placement. In addition, the Company recorded a reserve for an obligation to issue 1,000,000 shares with a fair value of \$580,000 in respect of the purchase of an exploration and evaluation asset.

### 17. ASSET ACQUISITION

On January 16, 2023, the Company, 1000377311 Ontario Inc. and the shareholders of 1000377311 Ontario Inc. entered into a share purchase agreement pursuant to which the Company agreed to purchase all of the issued and outstanding shares of 1000377311 Ontario Inc. from the shareholder of 1000377311 Ontario Inc. in exchange for \$20,000 and an aggregate of 32,000,000 common shares of the Company. The transaction closed on January 20, 2023 and the Company's stock price was \$0.08. The fair value of the common shares was determined to be \$2,560,000. 1000377311 Ontario Inc. is the sole beneficial owner of the Sugaree property a 2,376-hectare mineral lithium exploration property located in the Quetico Subprovince located roughly 15 kilometres south of Hearst, Ontario.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

April 30, 2023 and 2022

---

### 17. ASSET ACQUISITION (continued)

As 1000377311 Ontario Inc. did not constitute a business, the transaction was accounted for as an asset acquisition.

The fair values of the consideration, assets acquired, and liabilities assumed were as follows:

<b><u>Consideration given:</u></b>		<b>\$</b>
32,000,000 common shares		2,560,000
Cash		20,000
		<u>2,580,000</u>
 <b><u>Net assets acquired:</u></b>		 <b>\$</b>
Accounts payable and accrued liabilities assumed		(11,702)
Exploration and evaluation assets		2,591,702
		<u>2,580,000</u>

### 18. SUBSEQUENT EVENTS

In June 2023, the Company issued 283,305 shares with a fair value of \$16,998 in respect of an option to purchase an exploration and evaluation asset.

# Newfoundland Discovery Corp.

(An exploration stage company)

## Schedule of Exploration and Evaluation Assets

(Expressed in Canadian Dollars)

### Year ended April 30, 2023

	Bursey & Grub	Chubb & Bouvier	Dickison	Goldson	JMW & Maxwell	Newlands	Northbound	Robinson's Salt	Rodgers Cove	Subtotal
Balance, April 30, 2022	\$518,225	\$1,381,503	\$ -	\$150,985	\$ -	\$ -	\$1,823,200	\$ -	\$299,334	\$4,173,247
Acquisition costs incurred in the period										
Option payments, cash	-	-	26,000	30,000	10,000	26,000	-	-	-	92,000
Option payments, shares	-	-	87,000	35,000	24,750	60,000	-	-	45,329	252,079
Purchase payments, cash	-	-	-	-	-	-	-	-	-	-
Purchase payments, shares	-	-	-	-	-	-	-	160,000	-	160,000
Other	-	-	-	24,000	-	-	-	-	1,450	25,450
	-	-	113,000	89,000	34,750	86,000	-	160,000	46,779	529,529
Exploration costs incurred in the period										
Assays	151,116	897	-	-	-	-	-	-	167,332	319,345
Drilling	-	31,767	-	-	380,277	-	-	-	-	412,044
Geological consulting	-	-	-	-	-	-	-	-	-	-
Geophysical surveys	-	-	-	-	285,769	-	-	-	-	285,769
Option revenue	-	(11,000)	-	-	-	-	-	-	-	(11,000)
Prospecting	7,000	-	-	8,500	-	-	-	-	76,417	91,917
Reclamation	-	-	-	-	-	-	-	-	-	-
Mining tax credit	-	-	-	-	-	-	-	-	-	-
	158,116	21,664	-	8,500	666,046	-	-	-	243,749	1,098,075
Other										
Sale proceeds, cash	-	(775,000)	-	-	-	-	-	-	-	(775,000)
Sale proceeds, shares	-	(1,264,328)	-	-	-	-	-	-	-	(1,264,328)
Sale finders' fee, cash	-	54,250	-	-	-	-	-	-	-	54,250
Sale finders' fee, shares	-	160,000	-	-	-	-	-	-	-	160,000
Gain on sale	-	421,911	-	-	-	-	-	-	-	421,911
Write-down	-	-	-	(248,485)	(700,796)	-	-	-	-	(949,281)
	-	(1,403,167)	-	(248,485)	(700,796)	-	-	-	-	(2,352,448)
Balance, April 30, 2023	\$676,341	\$ -	\$113,000	\$ -	\$ -	\$86,000	\$1,823,200	\$160,000	\$589,862	\$3,448,403

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements

# Newfoundland Discovery Corp.

(An exploration stage company)

## Schedule of Exploration and Evaluation Assets

(Expressed in Canadian Dollars)

### Year ended April 30, 2023

	Subtotal (continued)	Schefferville	Southern Star	Southwest Pond	Sugaree	Unity Group	Urban Thunder	Valentine Mountain	Total
Balance, April 30, 2022	\$4,173,247	\$ -	\$1,214,358	\$930,000	\$ -	\$1,890,086	\$216,243	\$1,578,540	\$10,002,474
Acquisition costs incurred in the period									
Option payments, cash	92,000	-	-	-	-	-	-	-	92,000
Option payments, shares	252,079	23,000	-	-	-	-	-	-	275,079
Purchase payments, cash	-	-	-	-	20,000	-	-	-	20,000
Purchase payments, shares	160,000	-	-	-	2,560,000	-	-	-	2,720,000
Other	25,450	-	5,967	-	11,702	-	7,738	-	50,857
	529,529	23,000	5,967	-	2,591,702	-	7,738	-	3,157,936
Exploration costs incurred in the period									
Assays	319,345	-	-	-	-	-	-	-	319,345
Drilling	412,044	602,843	-	-	-	-	-	-	1,014,887
Geological consulting	-	-	-	-	-	-	-	2,636	2,636
Geophysical surveys	285,769	-	-	-	-	-	-	-	285,769
Option revenue	(11,000)	-	-	-	-	-	-	-	(11,000)
Prospecting	91,917	-	-	-	-	8,600	-	-	100,517
Reclamation	-	-	-	-	-	-	-	12,103	12,103
Mining tax credit	-	-	-	-	-	-	-	(2,068)	(2,068)
	1,098,075	602,843	-	-	-	8,600	-	12,671	1,722,189
Other									
Sale proceeds, cash	(775,000)	-	-	-	-	-	-	-	(775,000)
Sale proceeds, shares	(1,264,328)	-	-	-	-	-	-	-	(1,264,328)
Sale finders' fee, cash	54,250	-	-	-	-	-	-	-	54,250
Sale finders' fee, shares	160,000	-	-	-	-	-	-	-	160,000
Gain on sale	421,911	-	-	-	-	-	-	-	421,911
Write-down	(949,281)	(625,843)	-	-	-	-	-	-	(1,575,124)
	(2,352,448)	(625,843)	-	-	-	-	-	-	(2,978,291)
Balance, April 30, 2023	\$3,448,403	\$-	\$1,220,325	\$930,000	\$2,591,702	\$1,898,686	\$223,981	\$1,591,211	\$11,904,308

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements

# Newfoundland Discovery Corp.

(An exploration stage company)

## Schedule of Exploration and Evaluation Assets

(Expressed in Canadian Dollars)

### Year ended April 30, 2022

	Bursey & Grub	Chubb & Bouvier	Goldson	Northbound	Rodgers Cove	Southern Star	Southwest Pond	Unity Group	Urban Thunder	Valentine Mountain	Wigwam Brook	Total
Balance, April 30, 2021	\$ -	\$ 696,982	\$ -	\$ 1,809,292	\$ -	\$ 944,982	\$ -	\$ -	\$ 216,243	\$ 1,548,920	\$ -	\$ 5,216,419
Acquisition costs incurred in the year												
Option payments, cash	20,000	-	20,000	-	35,000	-	-	-	-	-	29,500	104,500
Option payments, shares	299,656	-	115,000	-	151,001	-	-	-	-	-	194,750	760,407
Purchase payments, cash	5,500	-	-	-	-	-	60,000	150,000	-	-	-	215,500
Purchase payments, shares	45,000	-	-	-	-	-	870,000	1,600,000	-	-	-	2,515,000
Other	-	940	-	1,206	-	1,751	-	14,970	-	-	-	18,867
	370,156	940	135,000	1,206	186,001	1,751	930,000	1,764,970	-	-	224,250	3,614,274
Exploration costs incurred in the year												
Assays	-	55,112	-	-	-	18,841	-	-	-	-	-	73,953
Drilling	-	615,469	-	-	-	23,944	-	-	-	-	-	639,413
Geological consulting	-	6,760	-	4,202	-	10,024	-	-	-	5,600	-	26,586
Geophysics	-	-	-	8,500	-	214,816	-	-	-	-	-	223,316
Prospecting	148,069	6,240	15,985	-	113,333	-	-	125,116	-	-	-	408,743
Reclamation	-	-	-	-	-	-	-	-	-	24,020	-	24,020
	148,069	683,581	15,985	12,702	113,333	267,625	-	125,116	-	29,620	-	1,396,031
Write-down	-	-	-	-	-	-	-	-	-	-	(224,250)	(224,250)
Balance, April 30, 2022	\$518,225	\$1,381,503	\$150,985	\$1,823,200	\$299,334	\$1,214,358	\$930,000	\$1,890,086	\$216,243	\$1,578,540	\$ -	\$10,002,474

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements