

# **Peloton Minerals Corporation**

## **Condensed Interim Consolidated Financial Statements**

(Expressed in United States Dollars)

**(Unaudited)**

**For the Three Months Ended March 31, 2023**

## **Management's Responsibility for Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of Peloton Minerals Corporation (the "Company" or "Peloton") are the responsibility of management.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

**"Edward Ellwood"**  
(signed)

**"Eric Plexman"**  
(signed)

### **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Financial Position**  
(Expressed in United States Dollars)  
**As at**  
(Unaudited)

|  | March 31,<br>2023   | December 31,<br>2022 |
|--|---------------------|----------------------|
| <b>Assets</b>  |                     |                      |
| <b>Current</b>   |                     |                      |
| Cash   | \$ 51,201           | \$ 13,027            |
| HST receivable   | 2,208               | -                    |
| Prepaid expenses   | 12,522              | 24,883               |
| <b>Total Current Assets</b>                                      | <b>65,931</b>       | <b>37,910</b>        |
| <b>Equipment</b> (Note 3)  | <b>29,510</b>       | <b>31,780</b>        |
| <b>Reclamation bonds</b> (Note 5)                                | <b>44,701</b>       | <b>44,701</b>        |
| <b>Total Assets</b>  | <b>\$ 140,142</b>   | <b>\$ 114,391</b>    |
| <b>Liabilities</b>   |                     |                      |
| <b>Current</b>   |                     |                      |
| Accounts payable and accrued liabilities (Notes 6 and 12)        | \$ 813,320          | \$ 888,323           |
| Convertible debenture (Note 7)                                   | 100,000             | 100,000              |
| <b>Total Current Liabilities</b>                                 | <b>913,320</b>      | <b>988,323</b>       |
| <b>Derivative liability – convertible debenture</b> (Note 7)     | <b>147,745</b>      | <b>138,152</b>       |
| <b>Derivative liability – foreign currency warrants</b> (Note 9) | <b>1,532,732</b>    | <b>1,721,427</b>     |
| <b>Deposit for shares to be issued</b>                           | <b>93,396</b>       | <b>-</b>             |
| <b>Total Liabilities</b>   | <b>2,687,193</b>    | <b>2,847,902</b>     |
| <b>Shareholders' Deficiency</b>                                  |                     |                      |
| <b>Capital stock</b> (Note 8)                                    | <b>10,798,104</b>   | <b>10,798,104</b>    |
| <b>Contributed surplus</b>                                       | <b>2,321,535</b>    | <b>2,321,535</b>     |
| <b>Accumulated other comprehensive income</b>                    | <b>6,464</b>        | <b>5,046</b>         |
| <b>Deficit</b>   | <b>(15,354,627)</b> | <b>(15,577,381)</b>  |
| <b>Deficiency attributable to shareholders of Peloton</b>        | <b>(2,228,524)</b>  | <b>(2,452,696)</b>   |
| <b>Non-controlling interest</b> (Note 10)                        | <b>(318,527)</b>    | <b>(280,815)</b>     |
| <b>Total Deficiency</b>  | <b>(2,547,051)</b>  | <b>(2,733,511)</b>   |
| <b>Total Liabilities and Deficiency</b>                          | <b>\$ 140,142</b>   | <b>\$ 114,391</b>    |

*Nature of Operations and Going Concern (Note 1)*  
*Commitments (Note 15)*  
*Subsequent Events (Note 16)*

See accompanying notes.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the Three Months Ended March 31**  
(Expressed in United States Dollars)  
(Unaudited)

|   | 2023               | 2022                |
|---|--------------------|---------------------|
| <b>Expenses</b>   |                    |                     |
| Office and administrative costs (Note 12)                             | \$ 110,144         | \$ 128,272          |
| Professional fees   | 10,338             | 12,894              |
| Exploration and evaluation expenditures (Note 4)                      | 96,772             | 30,348              |
| Foreign exchange loss   | 21,849             | 6,724               |
| Depreciation  | 2,270              | 2,270               |
|   | <b>241,373</b>     | 180,508             |
| <b>Other expenses (income)</b>  |                    |                     |
| Gain on revaluation of foreign currency warrants (Note 9)             | (188,695)          | (39,883)            |
| Loss on revaluation of derivative liability (Note 7)                  | 9,593              | 2,672               |
| Fair value of warrants extended                                       | -                  | 16,033              |
|   | <b>(179,102)</b>   | (21,178)            |
| Net loss for the year   | <b>(62,271)</b>    | (159,330)           |
| <b>Other comprehensive income</b>                                     |                    |                     |
| Items that may be reclassified subsequently to profit or loss         |                    |                     |
| Foreign currency translation adjustment                               | 3,330              | -                   |
| <b>Comprehensive loss</b>   | <b>\$ (58,941)</b> | <b>\$ (159,330)</b> |
| <b>Net loss attributable to:</b>                                      |                    |                     |
| Shareholders of Peloton   | \$ (23,311)        | \$ (159,330)        |
| Non-controlling interest (Note 10)                                    | (38,960)           | -                   |
|   | <b>\$ (62,271)</b> | <b>\$ (159,330)</b> |
| <b>Other comprehensive income attributable to:</b>                    |                    |                     |
| Shareholders of Peloton   | \$ 1,418           | \$ -                |
| Non-controlling interest (Note 10)                                    | 1,912              | -                   |
|   | <b>\$ 3,330</b>    | <b>\$ -</b>         |
| <b>Comprehensive loss attributable to:</b>                            |                    |                     |
| Shareholders of Peloton   | \$ (21,893)        | \$ (159,330)        |
| Non-controlling interest (Note 10)                                    | (37,048)           | -                   |
|   | <b>\$ (58,941)</b> | <b>\$ (159,330)</b> |
| <b>Loss per share (Note 11)</b>                                       |                    |                     |
| Basic and diluted   | \$ (0.001)         | \$ (0.001)          |
| <b>Weighted average number of common shares outstanding (Note 11)</b> |                    |                     |
| Basic and diluted   | 118,947,459        | 113,334,421         |

See accompanying notes.

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Changes in Equity (Deficiency)**  
(Expressed in United States Dollars)  
**For the Three Months Ended March 31,**

|  | Number of<br>Shares<br>(Note 9) | Capital<br>Stock<br>(Note 9) | Contributed<br>Surplus<br>(Note 10) | Accumulated<br>Other<br>Comprehensive<br>Income | Deficit<br>(Note 12)   | Attributable<br>to Shareholders<br>of Peloton | Non-controlling<br>Interest | Total<br>Deficiency   |
|--|---------------------------------|------------------------------|-------------------------------------|---|------------------------|---|-----------------------------|-----------------------|
| <b>Balance, January 1, 2022</b>                                  | <b>113,334,421</b>              | <b>\$ 10,653,946</b>         | <b>\$ 2,265,570</b>                 | -   | <b>\$ (13,942,733)</b> | <b>\$ (1,023,217)</b>                         | <b>\$ -</b>                 | <b>\$ (1,023,217)</b> |
| Net loss and comprehensive loss                                  | -                               | -                            | -                                   | -   | (159,330)              | (159,330)                                     | -                           | (159,330)             |
| <b>Balance, March 31, 2022</b>                                   | <b>113,334,421</b>              | <b>\$ 10,653,946</b>         | <b>\$ 2,265,570</b>                 | -   | <b>\$ (14,102,063)</b> | <b>\$ (1,182,547)</b>                         | <b>\$ -</b>                 | <b>\$ (1,182,547)</b> |
| Net loss and comprehensive loss                                  | -                               | -                            | -                                   | -   | (1,745,849)            | (1,745,849)                                   | (231,884)                   | (1,977,733)           |
| Foreign currency translation adjustment                          | -                               | -                            | -                                   | 5,046   | -                      | 5,046   | 5,313                       | 10,359                |
| Units issued for cash  | 5,253,038                       | 203,570                      | -                                   | -   | -                      | 203,570                                       | -                           | 203,570               |
| Units issued for exploration services                            | 360,000                         | 13,990                       | -                                   | -   | -                      | 13,990  | -                           | 13,990                |
| Allocated to warrants  | -                               | (72,367)                     | -                                   | -   | -                      | (72,367)                                      | -                           | (72,367)              |
| Units issuance fees  | -                               | (1,035)                      | -                                   | -   | -                      | (1,035)                                       | -                           | (1,035)               |
| Units issued by subsidiary to non-controlling interest           | -                               | -                            | -                                   | -   | 270,531                | 270,531                                       | (54,244)                    | 216,287               |
| Stock-based compensation   | -                               | -                            | 55,965                              | -   | -                      | 55,965  | -                           | 55,965                |
| <b>Balance, December 31, 2022</b>                                | <b>118,947,459</b>              | <b>\$ 10,798,104</b>         | <b>\$ 2,321,535</b>                 | <b>\$ 5,046</b>                                 | <b>\$ (15,577,381)</b> | <b>\$ (2,452,696)</b>                         | <b>\$ (280,815)</b>         | <b>\$ (2,733,511)</b> |
| Net loss and comprehensive loss                                  | -                               | -                            | -                                   | -   | (23,311)               | (23,311)                                      | (38,960)                    | (62,271)              |
| Foreign currency translation adjustment                          | -                               | -                            | -                                   | 1,418   | -                      | 1,418   | 1,912                       | 3,330                 |
| Units issued by subsidiary to non-controlling interest (Note 10) | -                               | -                            | -                                   | -   | 246,065                | 246,065                                       | (664)                       | 245,401               |
| <b>Balance, March 31, 2023</b>                                   | <b>118,947,459</b>              | <b>\$ 10,798,104</b>         | <b>\$ 2,321,535</b>                 | <b>\$ 6,464</b>                                 | <b>\$ (15,354,627)</b> | <b>\$ (2,228,524)</b>                         | <b>\$ (318,527)</b>         | <b>\$ (2,547,051)</b> |

See accompanying notes

**Peloton Minerals Corporation**  
**Interim Consolidated Statements of Cash Flow**  
(Expressed in United States Dollars)  
**For the Three months Ended March 31,**  
(Unaudited)

|  | <b>2023</b>      | <b>2022</b>       |
|--|------------------|-------------------|
| <b>Cash provided by (used in)</b>                |                  |                   |
| <b>Operations</b>                                |                  |                   |
| Net loss   | \$ (62,271)      | \$ (159,330)      |
| Items not affecting cash:                        |                  |                   |
| Gain on revaluation of foreign currency warrants | (188,695)        | (39,883)          |
| Loss on revaluation of derivative liability      | 9,593            | 2,672             |
| Depreciation                                     | 2,270            | 2,270             |
| Fair value of warrants extended                  | -                | 16,033            |
|  | <b>(239,103)</b> | <b>(178,238)</b>  |
| Net changes in non-cash working capital          |                  |                   |
| HST receivable                                   | (2,208)          | 2,946             |
| Prepaid expenses                                 | 12,361           | 21,232            |
| Accounts payable and accrued liabilities         | (71,673)         | 51,595            |
|  | <b>(300,623)</b> | <b>(102,465)</b>  |
| <b>Financing</b>                                 |                  |                   |
| Deposit for shares to be issued                  | 93,396           | -                 |
| Shares issuance in subsidiary                    | 245,401          | -                 |
|  | <b>338,797</b>   | <b>-</b>          |
| <b>Net change in cash</b>                        | <b>38,174</b>    | <b>(102,465)</b>  |
| <b>Cash, beginning of period</b>                 | <b>13,027</b>    | <b>219,554</b>    |
| <b>Cash, end of period</b>                       | <b>\$ 51,201</b> | <b>\$ 117,089</b> |
| <b>Non-cash transactions:</b>                    |                  |                   |
| Warrant extensions                               | \$ -             | \$ 16,033         |

See accompanying notes.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2023**  
(Unaudited)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Peloton Minerals Corporation (the "Company" or "Peloton") was incorporated under the Ontario Business Corporations Act on December 21, 2000. The Company has four wholly-owned subsidiary corporations: GT Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on August 28, 2012; IV Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on December 11, 2020; SBSL Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on October 15, 2018; and TC Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on August 28, 2012. In addition, it owns 47.24% (December 31, 2022 – 48.71%) of Celerity Mineral Corporation, a Canadian corporation incorporated on April 15, 2012, of which it still retains control (Note 12).

The Company is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The head office and principal address of the Company is 380 Wellington Street, 6th Floor, London City Centre, Tower B, London, Ontario, N6A 5B5.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. During the three months ended March 31, 2023, the Company had a net loss of \$62,271 (March 31, 2022 – net loss of \$159,330) and negative cash flows from operations of \$300,623 (March 31, 2022 - \$102,465). As of that date, the Company had accumulated a deficit of \$15,354,627 (December 31, 2022 - \$15,577,381) and a working capital deficiency of \$847,389 (December 31, 2022 – working capital deficiency of \$950,413).

As is common with exploration companies, the Company's ability to continue as a going concern is dependent upon obtaining necessary equity financing to finance its ongoing and planned exploration activities and to cover administrative costs, the discovery of economically recoverable resources, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering agreements with others to explore and develop the mineral properties and future profitable production or proceeds from disposition of such properties. However, there can be no assurances that the Company will be able to obtain financing. These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments may be material.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2023**  
(Unaudited)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022, prepared in accordance with IFRS. The accounting policies adopted in these unaudited condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statement for the year ended December 31, 2022. Refer to these audited financial statements for significant accounting policies and future changes in accounting policies.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2023.

**Basis of Consolidation**

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GT Subsidiary Corporation (United States), IV Subsidiary Corporation (United States), SBSL Subsidiary Corporation (United States) and TC Subsidiary Corporation (United States). The functional currency of each of these entities is the United States dollar. In addition, the unaudited condensed interim consolidated financial statements also include the account of Celerity Mineral Corporation (Canada) which is considered a subsidiary because the Company can exercise control over it. The functional currency of Celerity Mineral Corporation is the Canadian dollar. The financial statements of the subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

**3. EQUIPMENT**

| <b>Cost</b>                           | December 31,<br>2021 | Additions    | December 31,<br>2022 | Additions    | <b>March 31,<br/>2023</b> |
|---------------------------------------|----------------------|--------------|----------------------|--------------|---------------------------|
| Diamond Drilling<br>Equipment         | \$90,799             | \$ -         | \$90,799             | \$ -         | <b>\$90,799</b>           |
| <b>Accumulated<br/>Depreciation</b>   | December 31,<br>2021 | Depreciation | December 31,<br>2022 | Depreciation | <b>March 31,<br/>2023</b> |
| Diamond Drilling<br>Equipment         | \$49,940             | \$9,079      | \$59,019             | \$2,270      | <b>\$61,289</b>           |
| Carrying amount December 31, 2022     |                      |              |                      |              | \$31,780                  |
| <b>Carrying amount March 31, 2023</b> |                      |              |                      |              | <b>\$29,510</b>           |



**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2023**  
(Unaudited)

**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES**

Cumulative spending to date:

|   | December 31,<br>2022 | Additions        | March 31,<br>2023   |
|---|----------------------|------------------|---------------------|
| Silver Bell St. Lawrence Claims, MT <sup>(a)</sup>              | \$ 463,844           | \$ -             | \$ 463,844          |
| Golden Trail Claims, NV <sup>(b)</sup>                          | 747,598              | 45,385           | 792,983             |
| Independence Valley, NV <sup>(c)</sup>                          | 51,299               | -                | 51,299              |
| Texas Canyon, NV <sup>(d)</sup>                                 | 94,111               | -                | 94,111              |
| Potential acquisition of Boulder<br>Porphyry, MT <sup>(e)</sup> | 627,459              | 51,387           | 678,846             |
| Cost related to potential property<br>acquisitions              | 74,515               | -                | 74,515              |
|   | <b>\$ 2,058,826</b>  | <b>\$ 96,772</b> | <b>\$ 2,155,598</b> |

  

|   | December 31,<br>2021 | Additions         | December 31<br>2022 |
|---|----------------------|-------------------|---------------------|
| Silver Bell St. Lawrence Claims, MT <sup>(a)</sup>              | \$ 463,800           | \$ 44             | \$ 463,844          |
| Golden Trail Claims, NV <sup>(b)</sup>                          | 733,696              | 13,902            | 747,598             |
| Independence Valley, NV <sup>(c)</sup>                          | 43,436               | 7,863             | 51,299              |
| Texas Canyon, NV <sup>(d)</sup>                                 | 53,543               | 40,568            | 94,111              |
| Potential acquisition of Boulder<br>Porphyry, MT <sup>(e)</sup> | 160,495              | 466,964           | 627,459             |
| Cost related to potential property<br>acquisitions              | 68,058               | 6,457             | 74,515              |
|   | <b>\$ 1,523,028</b>  | <b>\$ 535,798</b> | <b>\$ 2,058,826</b> |

(a) Silver Bell St. Lawrence

The Company holds 100% interest in the Silver Bell St. Lawrence ("SBSL") property consisting of 10 (December 31, 2022 - 10) mining claims. These claims are subject to a 2% net smelter royalty to an arms-length party.

The Company also holds 100% interest in 20 (December 31, 2022 - 20) mining claims adjacent to the northern and eastern boundaries of the SBSL property. These mining claims are called the Roar claims.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Montana State Office) in the amount of \$165 per claim.

On March 15, 2019, the Company, through its wholly owned subsidiary, SBSL Subsidiary Corporation, signed an exploration agreement with Frederick Private Equity Corporation ("Frederick PEC") on the Silver Bell St. Lawrence Gold Project. Under the agreement, Frederick PEC may earn up to 75% interest in the Project by spending a total of US\$2,000,000 in exploration expenditures within six years and making annual option payments.

**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)**

(a) Silver Bell St. Lawrence (Cont'd)

On April 26, 2019, AFR NuVenture Resources Inc. (formerly African Metals Corporation) ("AFR") announced that it had entered into an agreement with Frederick PEC whereby it may acquire initially a 51% interest in the Silver Bell St. Lawrence Project from Frederick PEC. As part of that transaction, AFR has agreed to expend and has expended a minimum of US\$200,000 in exploration expenditures in the first year. There is a common director between the Company and Frederick PEC and AFR who recused himself from the approval process of the transactions.

(b) Golden Trail

The Company holds 100% interest in the Golden Trail property consisting of 44 (December 31, 2022 - 44) contiguous unpatented mining claims in the Elko County region of Nevada.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local counties in the cumulative approximate amount of \$177 per claim.

(c) Independence Valley

During July 2016, the Company acquired by staking a 38 mineral claim package located in Elko County, Nevada, about 77 miles south of the Company's Golden Trail Project. The mineral claim package the Independence Valley Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local county in the cumulative approximate amount of \$177 per claim.

(d) Texas Canyon

During February 2018, the Company acquired by staking a 44-mineral claim package located in Elko County, Nevada, about five miles west of the Company's Golden Trail Project. The mineral claim package is called the Texas Canyon Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local county in the cumulative approximate amount of \$177 per claim.

**Peloton Minerals Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
(Expressed in United States Dollars)  
**March 31, 2023**  
(Unaudited)

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**4. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)**

(e) Boulder Property

In 2021, the Company entered into an agreement to acquire 100% of the issued and outstanding shares of privately held Westmount Resources LLC ("Westmount") through the Company's subsidiary, Celerity Mineral Corporation ("Celerity"). Westmount holds a 100% interest in 331 unpatented mineral claims called the Boulder Porphyry Property located approximately 16 miles (26 km) north-northeast of Butte, Montana. The shareholders of Westmount (the "Westmount Shareholders") will be issued 50% of the issued and outstanding shares of Celerity in exchange for their Westmount Shares in this arms-length transaction and US \$600,000 to be paid within one year after August 25, 2021, and a 1% net smelter return royalty (NSR) that may be bought down prior to commercial production by one-half for US \$5 million. In 2022, the Celerity shares have been issued, however the ownership interest in Westmount has not been transferred to Celerity.

Under an amended agreement, the Boulder Property vendors (the "Vendors") and Celerity have agreed to pay the Vendors the US\$600,000 in three installments of US\$200,000 due on August 25, 2023 and August 25, 2024 and August 25, 2025. The Vendors may also elect to receive one or all of the payments in common share units of Celerity priced at \$0.22 (CAD \$0.30) per unit, with each unit comprised of one common share and one full warrant to purchase a second common share at an exercise price of \$0.37 (CAD \$0.50) during the first year after Celerity begins trading and at an exercise price of \$0.55 (CAD \$0.75) during the second year after Celerity begins trading.

The amended agreement stipulates that if the full US\$600,000 is not paid by August 25, 2023 a one-half (1/2) percent NSR shall be granted to the Vendors, or if the remaining balance is not paid by August 25, 2024 a further one-half (1/2) percent NSR shall be granted to the Vendors. If Celerity defaults on any of the minimum US\$200,000 payments the Boulder Property reverts back to the Vendors.

Should the foregoing not be successful, Westmount ownership and the property will revert back to the Westmount shareholders. As a result, the Company determined that it has not met control criteria under IFRS 3 as at March 31, 2023 and hence has not recognized the proposed acquisition in these interim consolidated financial statements.

**5. RECLAMATION BONDS**

As at March 31, 2023, a reclamation bond is being held by the Bureau of Land Management ("BLM") in the amount of \$18,675 (December 31, 2022 - \$18,675) on the Golden Trail property, \$13,927 (December 31, 2022 - \$13,927) on the Independence Valley property and \$12,099 (December 31, 2022 - \$12,099) on the Texas Canyon property. The Company has not recorded a restoration liability as at March 31, 2023 as the Company has not yet disturbed the land at the Golden Trail property, the Independence Valley property or the Texas Canyon property to trigger the recognition of this liability.

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The following is a breakdown of the amounts included in accounts payable:

|                              | <b>March 31,</b>  | December 31,      |
|------------------------------|-------------------|-------------------|
|                              | <b>2023</b>       | 2022              |
| Trade payables               | \$ 150,866        | \$ 290,573        |
| Accrued liabilities:         |                   |                   |
| Management and director fees | 629,869           | 557,144           |
| Audit and accounting         | 32,585            | 40,606            |
|                              | <b>\$ 813,320</b> | <b>\$ 888,323</b> |

**7. CONVERTIBLE DEBENTURE**

(a) Convertible debenture of \$100,000 USD

On August 11, 2015, the Company received \$100,000 USD (principal) from an arm's length party in exchange for a convertible debenture. The convertible debenture is due on demand upon six months' notice in writing, with such notice not to be given on or before August 11, 2020. The debenture pays interest at the rate of 4%, payable quarterly, beginning October 1, 2015 with the first payment due December 31, 2015. The convertible debenture, and all principal and interest owing, is convertible, in whole or in part, at the holder's option into units of the Company (the "Unit"). Each Unit consists of one common share and one common share purchase warrant. The conversion price of the debenture is \$0.037 (\$0.05 CDN) per Unit. Each warrant will entitle the holder to acquire one additional common share at a price of \$0.074 (\$0.10 CDN) per share until August 11, 2020. Since the conversion into Unit did not happen by August 11, 2020, the warrant component has expired and the debenture is now only convertible into shares.

As security, the Company has pledged the diamond drill rig (Note 3).

If the common shares of the Company trade for ten consecutive days trading days on the Canadian Securities Exchange or any other stock exchange or quotation service upon which it happens to trade or be quoted at that time, at a price equal to or greater than \$0.1478 (\$0.20 CDN) per share, this debenture will automatically be converted into units without any action on the part of either the Company or the holder.

(b) Valuation of debenture

The conversation rate of the units and the warrants to be issued on conversion of the above convertible debentures are not in the Company's functional currency and as a result are presented as a derivative financial liability. The Company valued the derivative financial liabilities using the Black-Scholes option pricing model and after valuing the derivative financial liabilities assigned the remaining value to the convertible debenture.

The fair value of the units of debenture were estimated at the issuance date using the Black-Scholes pricing model with the following inputs and assumptions:

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**7. CONVERTIBLE DEBENTURE (Cont'd)**

|  |                     |
|--|---------------------|
| Share price                                      | \$0.04 CDN          |
| Expected dividend yield                          | Nil                 |
| Exercise price                                   | \$0.05 - \$0.10 CDN |
| Risk free interest rate                          | 0.72%               |
| Expected life                                    | 5.0 - 5.5 years     |
| Expected volatility (based on historical prices) | 210 - 223%          |

On the date of issuance, the Company determined the amount relating to the units in the convertible debenture to be \$76,886.

The fair value of the conversion feature was revalued at March 31, 2023 using the Black-Scholes option pricing model using the following inputs and assumptions:

|  |            |
|--|------------|
| Share price                                      | \$0.12 CDN |
| Expected dividend yield                          | Nil        |
| Exercise price                                   | \$0.05 CDN |
| Risk free interest rate                          | 3.92%      |
| Expected life                                    | 0.50 year  |
| Expected volatility (based on historical prices) | 104%       |

On March 31, 2023, the conversion feature was revalued at \$147,745 resulting in a loss on revaluation of derivative liability of \$9,593 for the three months ended March 31, 2023.

| <b>Convertible Debenture</b>     | <b>March 31,</b>  | <b>December 31,</b> |
|----------------------------------|-------------------|---------------------|
|                                  | <b>2023</b>       | <b>2022</b>         |
| Principal – debenture            | <b>\$ 100,000</b> | \$ 100,000          |
| Derivative liability – debenture | <b>(76,886)</b>   | (76,886)            |
| Accretion expense                | <b>76,886</b>     | 76,886              |
|                                  | <b>\$ 100,000</b> | \$ 100,000          |

The effective interest rate of the convertible debentures is 26.33%.

| <b>Derivative Liability</b>                                    | <b>March 31,</b>  | <b>December 31,</b> |
|--|-------------------|---------------------|
|  | <b>2023</b>       | <b>2022</b>         |
| Derivative liability – debenture (fair value on issuance date) | <b>\$ 76,886</b>  | \$ 76,886           |
| Fair value adjustment – debenture                              | <b>70,859</b>     | 61,266              |
|  | <b>\$ 147,745</b> | \$ 138,152          |

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**8. CAPITAL STOCK**

**Authorized:** Unlimited common shares

**Issued and outstanding common shares:**

|                                       | <b>Number<br/>of Shares</b> | <b>Value</b>         |
|---------------------------------------|-----------------------------|----------------------|
| <b>Balance, January 1, 2022</b>       | <b>113,334,421</b>          | <b>\$ 10,653,946</b> |
| Units issued for cash                 | 5,253,038                   | 203,570              |
| Units issued for exploration services | 360,000                     | 13,990               |
| Allocated to warrants                 | -                           | (72,367)             |
| Share issuance costs                  | -                           | (1,035)              |
| <b>Balance, December 31, 2022</b>     | <b>118,947,459</b>          | <b>\$ 10,798,104</b> |
| <b>Balance, March 31, 2023</b>        | <b>118,947,459</b>          | <b>\$ 10,798,104</b> |

There were no share movements during the three months ended March 31, 2023.

**9. STOCK OPTIONS AND WARRANTS**

**(a) Stock Options**

The Company has a Stock Option Plan (the "Plan") to provide options for the benefit of employees, directors and third parties. The maximum number of shares allocated to and made available to be issued under the Plan shall not exceed 10% of the common shares issued and outstanding (on a non-diluted basis) at any time. The exercise price of options granted under the Stock Option Plan will be determined by the directors, but will be at least equal to the closing trading price for the common shares for the last trading day prior to the grant and otherwise the fair market price as determined by the Board of Directors. The term of any option granted shall not exceed five years. Except as otherwise provided elsewhere in the Stock Option Plan, the options shall be cumulatively exercisable in installments over the option period at a rate to be fixed by the Board of Directors. The Company will not provide financial assistance to any optionee in connection with the exercise of options.

|                                   | <b>Period ended March 31,<br/>2023</b> |  | <b>Year ended December 31,<br/>2022</b> |  |
|-----------------------------------|--|--|---|--|
|                                   | <b>Number<br/>of<br/>Options</b>       | <b>Weighted<br/>Average<br/>Exercise<br/>Price (CDN)</b> | <b>Number<br/>of<br/>Options</b>        | <b>Weighted<br/>Average<br/>Exercise<br/>Price (CDN)</b> |
| Outstanding, beginning of period  | <b>9,550,000</b>                       | <b>\$ 0.11</b>   | 10,400,000                              | \$ 0.11  |
| Granted                           | -                                      | \$ -   | 2,550,000                               | \$ 0.10  |
| Expired                           | -                                      | \$ -   | (2,800,000)                             | \$ 0.10  |
| Cancelled                         | -                                      | \$ -   | (600,000)                               | \$ 0.10  |
| <b>Outstanding, end of period</b> | <b>9,550,000</b>                       | <b>\$ 0.11</b>   | <b>9,550,000</b>                        | <b>\$ 0.11</b>   |
| <b>Exercisable, end of period</b> | <b>9,550,000</b>                       | <b>\$ 0.11</b>   | <b>9,550,000</b>                        | <b>\$ 0.11</b>   |

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**9. STOCK OPTIONS AND WARRANTS (Cont'd)**

**(a) Stock Options (Cont'd)**

The Company had the following stock options outstanding at March 31, 2023:

| <b>Number of Options</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|--------------------------|-----------------------|--------------------|
| 1,000,000                | CDN \$0.120           | May 30, 2023       |
| 500,000                  | CDN \$0.100           | December 5, 2023   |
| 100,000                  | CDN \$0.100           | February 1, 2024   |
| 2,600,000                | CDN \$0.100           | June 7, 2024       |
| 500,000                  | CDN \$0.100           | June 7, 2024       |
| 150,000                  | CDN \$0.120           | October 15, 2025   |
| 2,150,000                | CDN \$0.135           | December 18, 2025  |
| 2,550,000                | CDN \$0.100           | June 10, 2027      |
| <b>9,550,000</b>         |                       |                    |

The above options were not included in the computation of diluted loss per share as they are anti-dilutive. The weighted average remaining contractual life of these options is 2.22 years (December 31, 2022 – 2.47 years).

**(b) Warrants**

The following summarizes the change in foreign currency warrants:

|   | <b>Period ended</b>   | <b>Year ended</b>        |
|---|-----------------------|--------------------------|
|   | <b>March 31, 2023</b> | <b>December 31, 2022</b> |
| <b>Balance, beginning of period</b>             | <b>\$ 1,721,427</b>   | <b>\$ 714,999</b>        |
| Fair value of warrants issued – August 16, 2022 | -                     | 72,367                   |
| Fair value of warrants extended                 | -                     | 74,432                   |
| Fair value adjustment (Note 9(b)(i))            | <b>(188,695)</b>      | 859,629                  |
| <b>Balance, end of period</b>                   | <b>\$ 1,532,732</b>   | <b>\$ 1,721,427</b>      |

(i) At March 31, 2023, the fair value of the 43,176,782 warrants outstanding was estimated at \$1,532,732 using the Black-Scholes pricing model with the following weighted average assumptions:

|  |                     |
|--|---------------------|
| Share price                                      | \$0.12 CDN          |
| Expected dividend yield                          | Nil                 |
| Exercise price                                   | \$0.10 - \$0.15 CDN |
| Risk free interest rate                          | 1.82% - 3.91%       |
| Expected life                                    | 1.02 years          |
| Expected volatility (based on historical prices) | 83% - 129%          |

At March 31, 2023, a gain on revaluation of foreign currency warrants of \$188,695 (March 31, 2022 – gain of \$39,883) was recognized in the interim unaudited consolidated statement of income and comprehensive income.

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**9. STOCK OPTIONS AND WARRANTS (Cont'd)**

**(b) Warrants (Cont'd)**

The Company had the following warrants outstanding at March 31, 2023:

| <b>Number of Warrants</b> | <b>Exercise Price (CDN)</b> | <b>Expiry Date</b> |
|---------------------------|-----------------------------|--------------------|
| 1,160,000                 | \$0.15                      | July 17, 2023      |
| 1,301,225                 | \$0.15                      | December 6, 2023   |
| 1,060,625                 | \$0.15                      | March 15, 2024     |
| 733,529                   | \$0.15                      | July 12, 2024      |
| 5,233,025                 | \$0.15                      | September 19, 2024 |
| 3,258,264                 | \$0.125                     | May 7, 2023        |
| 7,934,629                 | \$0.125                     | August 20, 2023    |
| 4,966,667                 | \$0.125                     | October 16, 2023   |
| 2,668,000                 | \$0.125                     | May 4, 2024        |
| 1,633,334                 | \$0.125                     | July 12, 2024      |
| 7,614,446                 | \$0.100                     | December 10, 2024  |
| 5,613,038                 | \$0.100                     | August 16, 2025    |
| <b>43,176,782</b>         |                             |                    |

**(c) Broker Warrants**

As at March 31, 2023, there were 373,440 (December 31, 2022 – 373,440) broker warrants outstanding, with 160,000 broker warrants exercisable at CDN\$0.075 until October 16, 2023 and 213,440 broker warrant exercisable at CDN\$0.075 until May 4, 2024. Each broker warrant is exercisable to purchase one additional private placement unit consisting of one common share and one common share purchase warrant exercisable for three years at CDN \$0.125



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**10. NON-CONTROLLING INTEREST**

On February 27, 2023, Celerity completed a private placement of 363,103 units at \$0.30 CDN per unit for proceeds of \$80,260 (\$108,931 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of \$0.50 CDN for a period of 12 months after listing and at a price of \$0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at \$nil. As a result, the non-controlling interest in Celerity increased to 51.78%.

On March 10, 2023, Celerity completed a private placement of 760,000 units at \$0.30 CDN per unit for proceeds of \$165,141 (\$228,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of \$0.50 CDN for a period of 12 months after listing and at a price of \$0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at \$nil. As a result, the non-controlling interest in Celerity increased to 52.76%.

The ownership changes in non-controlling interest discussed above were recorded as equity transactions. The following represents the share of equity attributable to the non-controlling interest:

|  | March 31,<br>2023 | December 31,<br>2022 |
|--|-------------------|----------------------|
| Balance, beginning of period                                   | \$ (280,815)      | \$ -                 |
| Ownership interest transferred to non-controlling interest     | (664)             | (54,244)             |
| Non-controlling interest's share of loss                       | (38,960)          | (231,884)            |
| Non-controlling interest's share of other comprehensive income | 1,912             | 5,313                |
| Balance, end of year   | \$ (318,527)      | \$ (280,815)         |

**11. EARNINGS (LOSS) PER SHARE**

The calculation of basic and diluted earnings (loss) per share for the period ended March 31, 2023 was based on the loss attributable to common shareholders of \$62,271 (March 31, 2022 – loss of \$159,330) and the weighted average number of common shares outstanding of 118,947,459 (March 31, 2022 – 113,334,421).

Diluted earnings (loss) per share did not include the effect of 9,550,000 stock options and 43,176,782 warrants outstanding as they are anti-dilutive.

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**12. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

Remuneration of Directors and key management of the Company was as follows:

|   | <b>March 31,<br/>2023</b> | March 31,<br>2022 |
|---|---------------------------|-------------------|
| Management and director fees <sup>(i)</sup> | <b>81,833</b>             | 88,433            |

(i) Included in office and administrative costs in the interim consolidated statements of loss and comprehensive loss.

Other related party balances are listed below:

(a) Included in accounts payable and accrued liabilities is \$629,869 (December 31, 2022 - \$557,144) of amounts owing to directors and management of the Company for management and director fees.

**13. CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes capital stock, contributed surplus, deficit and foreign currency warrants in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2023.

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**14. FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks by virtue of its activities. In particular market risk (composed of currency risk), liquidity risk, fair value risk, interest risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

**(a) Market Risk**

(i) Currency risk

The Company operates internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at March 31, 2023, the Company is exposed to currency risk through the following financial assets and liabilities denominated in Canadian dollars:

|  | <b>March 31,<br/>2023<br/>(CDN\$)</b> | December 31,<br>2022<br>(CDN\$) |
|--|---------------------------------------|---------------------------------|
| Cash                                     | \$ 82,564                             | \$ 17,567                       |
| Accounts payable and accrued liabilities | \$ 822,593                            | \$ 851,477                      |

The above balances were translated into US dollars at the period-end rate of \$0.7389 (December 31, 2022 - \$0.7383) Canadian dollars to every US dollar.

Based on the above net exposures as at March 31, 2023, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately \$38,000.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2023, the Company has current liabilities of \$913,320 (December 31, 2022 - \$988,323) due within 12 months and has cash of \$51,201 (December 31, 2022 - \$13,027) to meet its current obligations. As a result, the Company has liquidity risk and is dependent on raising additional capital to fund operations.

The convertible debenture is due on demand upon six months' notice in writing but the holder has not yet submitted a notice in writing demanding payment.

**14. FINANCIAL RISK MANAGEMENT (Cont'd)**

**(c) Fair Value Risk**

The carrying values of cash, reclamation bonds, accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments. The estimated fair values of convertible debt also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates. The estimated fair values of warrants are subject to fluctuations based on the inputs and assumptions used to value them.

**(d) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest-bearing debt on its interim consolidated statement of financial position. The Company does not have any debt with variable interest rates, thereby minimizing the Company's exposure to cash flow interest rate risk.

**(e) Credit Risk**

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

**15. COMMITMENTS**

**Leases**

The Company is committed under lease agreements to the payment of amounts totaling \$1,132 until October 2023.

The Company is also required to make payments to the Bureau of Land Management to keep mining claims in good standing as noted in Note 4.

**16. SUBSEQUENT EVENTS**

**Warrant extension**

On April 14, 2023, the Company modified the expiry time of 3,258,264 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of CDN\$0.125 until 5:00 pm on May 7, 2023 and are now exercisable until 5:00 pm on May 7, 2025.

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**16. SUBSEQUENT EVENTS (Cont'd)**

**Private placement**

On May 19, 2023, the Company announced that it intends to close a private placement for proceeds of up to CDN\$600,000 for units to be issued for an ascribed value of CDN\$0.09 per unit. Each unit consists of one common share and one common share warrant exercisable for three years. Each warrant entitles the holder to purchase one common share at a price of CDN\$0.12