

**GEOLOGICA RESOURCE CORP.**  
CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in Canadian Dollars)  
(Unaudited)

## NOTICE TO READER

---

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 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 condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

**GEOLOGICA RESOURCE CORP.**

## Condensed Interim Statements of Financial Position

As at

	<b>March 31, 2023</b>	
	<b>(unaudited)</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current		
Cash	\$ 16	\$ 47,594
Advances	7,029	7,029
GST receivable	4,004	23,716
Prepaid expenses	196,496	235,746
Due from related parties (Note 7)	41,292	41,292
Subscriptions receivable (Note 8)	175,000	175,000
	<u>423,837</u>	<u>530,377</u>
Non-Current		
Exploration and evaluation assets (Note 5)	303,146	157,146
<b>TOTAL ASSETS</b>	<b>\$ 726,983</b>	<b>\$ 687,523</b>
<b>LIABILITIES</b>		
Current		
Excess of cheques written over deposits	\$ 55,307	\$ -
Accounts payable and accrued liabilities	77,022	96,387
Loans payable (Note 6)	114,452	121,420
Shares payable (Note 5)	126,000	-
Due to related parties (Note 7)	115,764	114,077
<b>TOTAL LIABILITIES</b>	<b>488,545</b>	<b>331,884</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 8)	2,468,495	2,468,495
Contributed surplus (Note 8)	622,006	586,581
Equity component of convertible debt	12,572	12,572
Deficit	(2,864,635)	(2,712,009)
<b>Total shareholders' equity (deficiency)</b>	<b>238,438</b>	<b>355,639</b>
	<b>\$ 726,983</b>	<b>\$ 687,523</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved by the directors on May 30, 2023:

"Doug Unwin"

"Rob Charlton"

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

**GEOLOGICA RESOURCE CORP.**

Condensed Interim Statements of Loss and Comprehensive Loss  
For the three months ended:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Expenses:		
Accounting and audit fees (Note 7)	\$ 3,500	\$ 2,500
Consulting fees (Note 7)	10,577	3,000
Exploration costs	3,933	500
Finance fees (Note 6)	-	773
Foreign exchange loss	12	-
Interest and bank charges (Note 6)	4,455	2,668
Legal fees	-	4,286
Management fees (Note 7)	25,500	15,000
Marketing and investor relations	54,037	-
Office and administration	1,719	2,102
Share-based compensation (Notes 7 and 8)	35,425	-
Transfer agent and filing fees	10,816	11,750
Travel	2,652	-
<b>Net loss and comprehensive loss for the period</b>	<b>(152,626)</b>	<b>(42,579)</b>
Loss per share – Basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	22,631,203	12,389,252

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

**GEOLOGICA RESOURCE CORP.**

## Condensed Interim Statements of Cash Flows

For the three months ended:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (152,626)	\$ (42,579)
Items not involving cash:		
Accrued interest and other financing costs	3,332	1,977
Loss on repayment of convertible debt	-	772
Share-based compensation	35,425	-
	<u>(113,869)</u>	<u>(39,830)</u>
Changes in non-cash working capital item related to operations:		
Advances	-	(312)
GST receivable	19,712	(1,871)
Prepaid expenses	39,250	15,000
Accounts payable and accrued liabilities	(39,365)	(55,675)
Cash used in operating activities	<u>(94,272)</u>	<u>(82,688)</u>
<b>Financing Activities</b>		
Payment of loans payable	(10,300)	-
Change in due to related parties	1,687	14,842
Cash provided by financing activities	<u>(8,613)</u>	<u>14,842</u>
<b>Increase (decrease) in cash during the period</b>	<b>(102,885)</b>	<b>(67,846)</b>
<b>Cash, beginning of the period</b>	<b>47,594</b>	<b>73,019</b>
<b>Cash, net of excess of cheques written over deposits, end of the period</b>	<b>\$ (55,291)</b>	<b>\$ 5,173</b>

**Supplemental cash flow information (Note 11)**

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

**GEOLOGICA RESOURCE CORP.**

## Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Equity component of convertible debt \$	Deficit \$	Total \$
Balance, December 31, 2021	12,389,252	1,696,489	514,244	12,572	(2,308,949)	(85,611)
Loss for the period	-	-	-	-	(42,579)	(42,579)
<b>Balance, March 31, 2022</b>	<b>12,389,252</b>	<b>1,696,489</b>	<b>514,277</b>	<b>12,572</b>	<b>(2,351,528)</b>	<b>(128,190)</b>
Balance, December 31, 2022	22,631,203	2,468,495	586,581	12,572	(2,712,009)	355,639
Share-based compensation	-	-	35,425	-	-	35,425
Loss for the period	-	-	-	-	(152,626)	(152,626)
<b>Balance, March 31, 2023</b>	<b>22,631,203</b>	<b>2,468,495</b>	<b>622,006</b>	<b>12,572</b>	<b>(2,864,635)</b>	<b>238,438</b>

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

## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **1. Nature and Continuance of Operations**

Geologica Resource Corp. (the “Company”) was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. (“PT”), a public company the common shares of which trade on the Canadian Securities Exchange (“CSE”). The head office of the Company is located at 630 – 1111 Melville St. Vancouver, BC V6E 3V6. The registered and records office of the Company is located at the same address. The Company was spun off from PT on October 13, 2016 by way of a plan of arrangement. Effective February 24, 2021, the Company changed its name from Cabbay Holdings Corp. to Geologica Resource Corp.

On October 25, 2022 the Company completed an Initial Public Offering and was listed on the CSE under the symbol “GRCM” (Note 4).

On November 18, 2022, the Company was listed on the Frankfurt Stock Exchange under the symbol “862 and on December 15, 2022, the Company was listed on the Stuttgart Stock Exchange under the symbol “A2QQBC”.

The Company’s principal business activities are the exploration of natural resource properties. The recovery of the Company’s investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is in the exploration stage.

The exploration and evaluation property in which the Company has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

These condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2023, the Company has no source of revenue and does not generate cash flows from operating activities. The Company had a net loss for the three months ended March 31, 2023 of \$152,626 (2022 - \$42,579) and an accumulated deficit at March 31, 2023 of \$2,864,635 (December 31, 2022 - \$2,712,009).

## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **1. Nature and Continuance of Operations (continued)**

The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

### **2. Statement of Compliance and Basis of Presentation**

#### **(a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, being IAS 34, Interim Financial Reporting. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2022. In preparation of these condensed interim financial statements, the Company has consistently applied the same accounting policies as disclosed in Note 3 to the audited annual financial statements for the year ended December 31, 2022.

These condensed interim financial statements were approved and authorized for issue by the board of directors on May 30, 2023.



## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **2. Statement of Compliance and Basis of Presentation (Continued)**

#### **(b) Basis of Presentation**

These financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **3. Significant Accounting Policies**

The preparation of these interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period.

### **4. Initial Public Offering**

On April 27, 2022, the Company filed a final prospectus with the British Columbia, Alberta and Ontario Securities Commissions (the "Prospectus"). The Prospectus covers the offering of a minimum of 6,500,000 common shares of the Company to a maximum of 10,000,000 common shares of the Company at a price of \$0.10 (the "Offering") for gross proceeds of a minimum \$650,000 and maximum \$1,000,000. Research Capital acted as the agent (the "Agent") for the Offering. The Agent received a commission of 8% of the capital raised under the offering and warrants equal to 8% of the common shares issued under the offering as well as corporate finance fees.

On July 27, 2022 the Company received a receipt from the BCSC for its Amended and Restated Prospectus, extending the final distribution date to October 25, 2022.

## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **4. Initial Public Offering (Continued)**

On October 25, 2022 the Company completed an initial public offering (“IPO”) by issuing 6,830,000 common shares for proceeds of \$683,000. The Company was listed on the Canadian Securities Exchange under the symbol “GRCM”. As compensation for acting as an IPO agent, the Agent received:

- A commission of \$33,640 paid in cash.
- A corporate finance fee of \$35,000 plus applicable taxes, \$25,000 of which was paid in cash and the remaining \$10,000 was paid by issuing 100,000 common shares.
- 336,400 agent’s warrants. Each warrant entitles the holder to purchase one common share at a price of \$0.10 per share until October 25, 2024.
- Reimbursement of certain expenses.

Total cash share issuance costs amounted to \$195,661 and mainly consisted of Agent’s commission, Agent’s corporate finance fee, finder’s fees, legal, listing and filing fees.

The Agent received an over-allotment option, exercisable in whole or in part for a period of 30 days following the closing of the IPO, to sell up to an additional 15% of the Offering at the Offering price to cover over-allotments and for market stabilization purposes. This option has not been exercised.

### **5. Exploration and Evaluation Assets**

#### Topley Property option agreement

On October 19, 2020, the Company entered into an option agreement to earn a 100% interest in the Topley Copper-Gold Project in British Columbia. The agreement was amended on January 22, 2022 so the first 500,000 shares are issuable on listing of the Company’s shares, and on September 29, 2022 to extend the date the Company must make the remaining exploration expenditures from September 30, 2022 to May 30, 2023.

In order to earn an interest in the property, the Company must make the following:

Cash payments:

- \$5,000 on signing the agreement (paid)
- \$50,000 by December 31, 2023

Share issuances:

- 500,000 on listing of the Company’s shares (issued)
- 250,000 by December 31, 2022
- 250,000 by December 31, 2023

## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **5. Exploration and Evaluation Assets (Continued)**

On February 28, 2023, the Company entered into an agreement to expand the Topley Property in exchange for \$20,000 in cash, issuing 1,800,000 common shares, and spending an additional \$20,000 on exploration. As at March 31, 2023, the \$20,000 in cash is included in accounts payable and accrued liabilities and the 1,800,000 common shares payable are included in Shares Payable. These Shares Payable were recorded at a value of \$126,000, or \$0.07 per common share.

Exploration expenditures:

- \$15,000 by November 7, 2020 (incurred)
- \$25,000 by December 31, 2020 (incurred)
- \$110,000 by May 30, 2023 (\$67,394 incurred)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for \$1,000,000.

#### TAC Claims purchase and sale agreement

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Copper-Gold project and adds 37.4 hectares to the Company's land position. On December 19, 2021, the agreement was amended so that the first 5,000 shares would be issued at a rate of \$0.10 per share.

In order to earn an interest in the property, the Company must make the following:

Cash payment:

- \$2,500 on signing the agreement (paid)

Share issuances:

- Shares valued at \$5,000 by December 31, 2021 (issued 50,000 common shares)
- Shares valued at \$10,000 by December 31, 2022 (issued 121,951 common shares)
- Shares valued at \$15,000 by December 31, 2023
- Shares valued at \$20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

As at December 31, 2021 and March 31, 2022, the Company's exploration and evaluation assets had a balance of \$69,976.

## GEOLOGICA RESOURCE CORP.

Notes to the Condensed Interim Financial Statements  
For the three months ended March 31, 2023 and 2022

---

### 5. Exploration and Evaluation Assets (continued)

A continuity of the Company's exploration and evaluation assets for the three months March 31, 2023 is as follows:

	<b>Topley Property</b>	
Balance December 31, 2022	\$	<b>157,146</b>
Acquisition costs - shares		126,000
Acquisition costs - cash		20,000
<b>Balance March 31, 2023</b>	<b>\$</b>	<b>303,146</b>

### 6. Loans Payable

A continuity of the loans payable is as follows:

<b>Opening balance, December 31, 2022</b>	<b>\$</b>	<b>121,420</b>
Repayments		(10,300)
Interest accrued		3,332
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>114,452</b>

On November 18, 2021, the Company signed an agreement whereby the principal of the interest-bearing loan in the amount of \$56,000 was extended and becomes due on November 18, 2023. The Company must pay a finance fee of \$5,600 which is due at the same time as the principal. The loan accrues interest at 1% per month, payable quarterly. The unpaid interest accrued on the original loan remains due to the lender. The extension was accounted for as a modification of debt and the finance fee is amortized over the term of the loan.

On November 20, 2021, the Company issued promissory notes in the amount of \$30,000 pursuant to a private placement. The notes bear interest at 12% annually and mature on November 20, 2024. The first three months of interest, equal to 3% of the principal, was paid in advance in common shares of the Company with a fair value of \$0.10 per share. The holders were paid a finance fee equal to 10% of the principal in common shares with a fair value of \$0.10 per share which is amortized over the term of the loan.

In the case that the Company had not completed an IPO by August 20, 2022, the Company would issue additional notes to the holders for 10% of the value of the original notes ("Contingent Consideration"). The new notes would have the same terms as the original notes less the contingent consideration and administration fee. The Company did not complete an IPO by August 20, 2022, and as a result, the Company issued additional notes of \$1,000, representing 10% of the value of the outstanding original notes.

On December 23, 2022, the Company issued 10,000 common shares with a fair value of \$0.07 per share to settle \$1,000 of the promissory note.

## GEOLOGICA RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### 7. Related Party Transactions

Transactions with related parties are as follows:

	March 31, 2023	March 31, 2022
Accounting fees to a Company related to the CFO and director	\$ -	\$ 2,500
Accounting fees to a company related to the CFO and director	3,500	-
Consulting fees to the CFO and director	4,500	3,000
Management fees to the CEO and director	25,500	15,000
	<b>\$ 33,500</b>	<b>\$ 20,500</b>

Furthermore, during the three months ended March 31, 2023, the Company issued 100,000 stock options to purchase common shares of the Company at a price of \$0.075 for two years to a director of the Company. Share-based payments of \$5,538 were incurred. See Note 8.

#### Balances due from (to) the CEO and Director

As of March 31, 2023, the Company has \$24,551 (December 31, 2022 - \$31,264) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

As of December 31, 2022, the Company has loan receivable of \$41,292 (December 31, 2022 - \$41,292) due from a Company controlled by the CEO and director consisting of \$41,000 principal and \$292 interest. The loan accrues interest at 5% per annum and is due on November 9, 2023.

#### Balance due to the CFO and director

As of March 31, 2023, the Company has \$47,413 (December 31, 2022 - \$47,413) owing to a company related to the CFO and director, and \$40,225 (December 31, 2022 - \$35,500) owing to that director. The amounts do not bear interest and have no set terms of repayment.

#### Balance due to Company related to CFO and Director

As of March 31, 2023, the Company has \$3,675 (December 31, 2022 - \$nil) included in accounts payable and accrued liabilities due to a Company related to the CFO and Director.

#### Balance due from former subsidiary

During the year ended December 31, 2022, the Company loaned \$100 (2021: \$100) to its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

## GEOLOGICA RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### 8. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at March 31, 2023, the Company has 22,631,203 (December 31, 2022 - 22,631,203) common shares issued and outstanding.

#### Financings

During the three months ended March 31, 2023 and 2022, no common shares were issued.

#### Stock options and share based payments

As at March 31, 2023, the Company had 1,825,000 stock options outstanding with an exercise price of \$0.09 expiring November 3, 2027.

*During the three months ended March 31, 2023:*

On March 3, 2023, the Company issued 400,000 stock options to purchase one common share of the Company with an exercise price of \$0.125 to consultants for a period of two years. Share-based payments expense of \$18,301 was recorded.

On March 3, 2023, the Company issued 200,000 stock options to purchase one common share of the Company with an exercise price of \$0.10 to consultants for a period of three years. Share-based payment expense of \$11,586 was recorded.

On March 17, 2023, the Company issued 100,000 stock options to a director of the Company with an exercise price of \$0.075 for a period of five years. Share-based payment expense of \$5,538 was recorded.

There were no stock options issued during the three months ended March 31, 2022.

The options outstanding and exercisable as at March 31, 2023 had a weighted average remaining contractual life of 4.12 years. Stock option activity was as follows:

	Options outstanding	Exercise Price \$
<b>Balance, December 31, 2021 and March 31, 2022</b>	-	-
<b>Balance December 31, 2022</b>	1,125,000	0.075
Issued	700,000	0.11
<b>Balance, March 31, 2023</b>	<b>1,825,000</b>	<b>0.09</b>

## GEOLOGICA RESOURCE CORP.

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### 8. Share Capital (Continued)

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options.

The assumptions used in the Black-Scholes pricing model were:

	March 31, 2023	March 31, 2022
Expected volatility	129%	-
Risk free interest rate	4.01%	-
Expected life in years	2.71	-
Grant date fair value per share	\$0.05	-
Forfeiture rate	0%	-

### Warrants

As at March 31, 2023 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price \$	Warrants outstanding #
April 12, 2023	0.25	645,743
October 25, 2024	0.10	336,400
March 29, 2026	0.125	661,300
	0.17	1,643,443

During the three months ended March 31, 2023, 200,000 warrants at a price of \$0.05 expired unexercised. Subsequent to March 31, 2023, 645,743 warrants at a price of \$0.25 expired unexercised.

### 9. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **10. Financial Instruments and Risk**

As at March 31, 2023, the Company's financial instruments consist of cash, advances, accounts payable and accrued liabilities, due from related parties, loans payable, and due to related parties.

#### *Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, advances, due from related parties and subscriptions receivable. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure relating to cash of \$16 (December 31, 2022 - \$47,594) held in deposits at Canadian chartered banks, due from related parties of \$41,292 (December 31, 2022 - \$41,292) and subscriptions receivable of \$175,000 (December 31, 2022 - \$175,000). The Company considers this credit risk to be minimal.

#### *Liquidity Risk*

The Company's financial liabilities consist of \$55,307 (December 31, 2022 - \$nil) in cheques written in excess of deposits, \$77,022 (December 31, 2022 - \$96,387) in accounts payable and accrued liabilities, Shares payable of \$126,000 (December 31, 2022 - \$nil), \$114,452 (December 31, 2022 - \$121,420) in loans payable, and \$115,764 (December 31, 2022 - \$114,077) in due to related parties. The Company manages liquidity risk through management of its capital resources discussed above.

#### *Foreign Exchange Risk*

The Company is not exposed to foreign exchange risk on its financial instruments.

#### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing notes due from related parties and notes payable have fixed rates of interest.



## **GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

---

### **10. Financial Instruments and Risk (continued)**

#### Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

As at March 31, 2023, the Company had the following instruments measured at Level 1: Cash of \$16 (December 31, 2022 - \$47,594), Due from related parties of \$41,592 (December 31, 2022 - \$41,592), accounts payable of \$77,022 (December 31, 2022 - \$96,387), Shares payable of \$126,000 (December 31, 2022 - \$nil), loans payable of \$114,452 (December 31, 2022 - \$121,420) and Due to related parties of \$115,764 (December 31, 2022 - \$114,077).

The fair value of long-term loans payable are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at March 31, 2023, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, shares payable, due from related parties, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

### **11. Supplemental Cash Flow Information**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Cash paid for interest	966	-
Cash paid for income taxes	-	-

Significant non-cash investing and financing disclosures are included in Notes 5, 6, and 8.

**GEOLOGICA RESOURCE CORP.**

Notes to the Condensed Interim Financial Statements  
For the three months ended March 31, 2023 and 2022

---

**12. Subsequent Events**

See Note 8 for options and warrants expiring unexercised.