ALERIO GOLD CORP.

Financial Statements
For the years ended August 31, 2022 and 2021

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALERIO GOLD CORP.

Opinion

We have audited the financial statements of Alerio Gold Corp. (the "Company"), which comprise:

- the statements of financial position as at August 31, 2022 and 2021;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' Responsibilities for the Audit of the 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 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 financial statements, which indicates that the Company incurred a net loss of $1,044,963 during the year ended August 31, 2022 and, as of that date, had an accumulated deficit of $2,507,827. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 28, 2022

ALERIO GOLD CORP.
Statements of Financial Position
As at August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
Assets		
Current		
Cash	$ 6,503	$ 1,197,565
Receivables	49,177	6,635
Prepaid expenses	69,269	-
	124,949	1,204,200
Exploration and evaluation assets (note 5)	15,989,086	1
	$ 16,114,035	$ 1,204,201
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	$ 173,241	$ 110,151
	173,241	110,151
Shareholders' Equity		
Common Shares (note 6)	18,226,621	2,369,506
Reserves (note 6)	222,000	356,443
Deficit	(2,507,827)	(1,631,899)
	15,940,794	1,094,050
Total Liabilities and Shareholders' Equity	$ 16,114,035	$ 1,204,201

Nature of Operations and Going Concern (note 1)

Approved on behalf of the Board:

"Jonathan Challis" (signed)
Director

"Geoff Balderson" (signed)
Director

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

ALERIO GOLD CORP.
Statements of Loss and Comprehensive Loss
For the years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
Expenses		
Accounting and audit fees	$ 44,963	$ 32,500
Consulting fees (note 7)	530,422	340,071
Exploration costs (note 5)	184,185	3,732
Filing and transfer agent fees	27,918	34,384
Interest and bank charges	2,223	1,053
Legal fees	40,357	122,995
Marketing	164,026	45,289
Office expense	12,276	5,997
Share-based payments (note 7)	27,075	221,400
Travel	11,518	6,301
	(1,044,963)	**(813,722)**
Other item		
Transaction costs	-	(306,350)
Net Loss and Comprehensive Loss for the Year	**$ (1,044,963)**	**$ (1,120,072)**
Basic and Diluted Loss per Share	**$ (0.02)**	**$ (0.08)**
Weighted Average Number of Common Shares Outstanding	**68,289,982**	**14,359,208**

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

ALERO GOLD CORP.
Statements of Changes in Shareholders' Equity
For the years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Common Shares				
	Number Outstanding	**Amount**	**Reserves**	**Deficit**	**Total Shareholders' Equity**
Balance, September 1, 2020	13,924,777	$ 1,152,897	$ 134,469	$ (678,027)	$ 609,339
Private placement	5,418,000	1,191,960	162,540	-	1,354,500
Exercise of warrants	366,250	80,091	(3,466)	-	76,625
Share issuance costs	-	(55,442)	7,700	-	(47,742)
Share-based payments	-	-	221,400		221,400
Reclassification of expired options	-	-	(166,200)	166,200	-
Net loss and comprehensive loss for the year	-	-	-	(1,120,072)	(1,120,072)
Balance, August 31, 2021	19,709,027	$ 2,369,506	$ 356,443	$ (1,631,899)	$ 1,094,050
Exercise of share purchase options	80,000	27,030	(11,830)	-	15,200
Shares issued for exploration and evaluation assets	50,000,000	12,500,000	-	-	12,500,000
Shares issued for exploration and evaluation asset	27,000,000	2,430,000	-	-	2,430,000
Shares issued for consulting services	1,000,000	100,000	-	-	100,000
Private placement	3,441,800	860,450	-	-	860,450
Share issuance costs	-	(41,018)	-	-	(41,018)
Agent's warrants issued	-	(19,347)	19,347	-	-
Share-based payments	-	-	27,075	-	27,075
Reclassification of expired options	-	-	(169,035)	169,035	-
Net loss and comprehensive loss for the year	-	-	-	(1,044,963)	(1,044,963)
Balance, August 31, 2022	101,230,827	$ 18,226,621	$ 222,000	$ (2,507,827)	$ 15,940,794

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

ALERIO GOLD CORP.
Statements of Cash Flows
For the years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
Cash Provided by (Used In)		
Operating Activities		
Net loss for the year	$ (1,044,963)	$ (1,120,072)
Item not affecting cash:		
Share-based payments	27,075	221,400
Change in working capital balances:		
Receivables	(42,542)	1,758
Prepaid expenses	(69,269)	27,000
Accounts payable and accrued liabilities	63,090	99,637
Cash Used in Operating Activities	(1,066,609)	(770,277)
Investing Activity		
Exploration and evaluation assets	(959,085)	-
Cash Used in Investing Activity	(959,085)	-
Financing Activities		
Proceeds from issuance of shares, net share issuance costs	819,432	1,293,258
Proceeds from exercise of warrants	-	76,625
Proceeds from exercise of share purchase options	15,200	-
Cash Provided by Financing Activities	834,632	1,369,883
Change in cash for the year	(1,191,062)	599,606
Cash, beginning of year	1,197,565	597,959
Cash, end of year	$ 6,503	$ 1,197,565
Supplemental Cash Flow Information:		
Amounts paid for interest	$ -	$ -
Amounts paid for taxes	$ -	$ -
Non-cash Transactions:		
Shares issued for debt as part of private placement	$ -	$ 13,500
Fair value of agent's warrants	$ 19,347	$ 7,700
Shares issued for exploration and evaluation asset	$ 15,030,000	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Alerio Gold Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on March 22, 2018. On June 11, 2019, the Company completed its initial public offering (“IPO”). On October 28, 2021, the Company changed its name to Alerio Gold Corp. from Project One Resources Ltd. and is now publicly traded on the Canadian Securities Exchange (“CSE”) under the ticker ALE. The principal business of the Company is the acquisition, exploration and evaluation of resource properties with its main focus in Guyana, South America. On November 22, 2021, the Company was accepted for listing and commenced trading on the Frankfurt Stock Exchange under the symbol “3FRO” with a WKN number of A3C6XZ.

The Company's head office address is Suite 459 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, and its registered office address is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

These financial statements have been prepared on a 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. At present, the Company has no operating income. The Company incurred a net loss of $1,044,963 during the year ended August 31, 2022 (2021 - $1,120,072) and, as of that date, had a deficit of $2,507,827 (2021 - $1,631,899). Without additional financing, the Company may not be able to fund its ongoing operations and complete exploration activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (“COVID-19”) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 28, 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the financial statements, unless otherwise indicated.

Exploration and evaluation assets

Exploration and evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, geochemical analysis, mapping and interpretation, and costs to obtain legal rights to explore an area.

Management reviews the carrying value of capitalized exploration costs annually. The review is based on the Company's intentions for development of the property.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the project. If a project does not prove viable, all irrecoverable costs associated with the project, net of any impairment provisions, are written off.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exploration and evaluation assets (cont'd)

Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and are classified as a component of property, plant and equipment.

Impairment

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, 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.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in profit or loss. Assumptions, such as commodity prices, discount rate and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exploration and evaluation assets (cont'd)

Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profit or loss as extraction progresses.

Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- The asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases.

There are no financial assets classified as measured at FVTOCI.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable and accrued liabilities. Their carrying values approximate their fair values due to the short-term maturity of these instruments.

Common shares

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements is determined to be the more easily measurable component and is valued at their fair value, as determined by the closing quoted bid price on the date of issuance once the shares are listed on a stock exchange. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be fair valued at the date of issuance.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is not adjusted for the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amounts recorded in reserves for share options which expire unexercised are transferred to deficit.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for other than business combination which does not have an impact. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Recent accounting pronouncements and changes in accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. See Note 1.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets 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. Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

Title to exploration and evaluation assets

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Business combination versus asset acquisition

Management has assessed the acquisitions of exploration and evaluation assets completed during the year (Note 5) and have concluded that in their view the transactions are asset acquisitions as neither acquired assets had any processes capable of generating outputs and therefore did not constitute a business as defined in terms of IFRS 3 *Business Combinations*. Management also had to consider and assess the definition of control in accordance with IFRS 10 Consolidated Financial Statements. There is judgment required to determine control in the acquisition.

Significant estimates and assumptions

Inputs to the Black-Scholes option pricing model

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Fair value of consideration in acquisitions

The fair value of consideration transferred in a asset acquisition requires management to make estimates regarding the valuation of equity issued. Valuations of the consideration transferred are highly dependent on the inputs used and assumptions made by management regarding share prices.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Tassawini and Harpy properties, Guyana

On October 28, 2021, the Company acquired 100% of the right, title and interest to two gold properties in Guyana known as the Tassawini and Harpy properties each holding four mining permits respectively. As consideration, the Company paid cash of $636,889 (US$500,000), of which $216,865 was paid during the year ended August 31, 2021, and issued 50,000,000 common shares with a fair value of $12,500,000. Goldeneye Capital Ltd. will retain a 3% Royalty over the Tassawini property, and the Company will have the option to repurchase up to 1.5% for a one-time payment of US$3,000,000. The Company also capitalized $199,218 in legal costs.

Purini properties, Guyana

On June 28, 2022, the Company entered into an asset purchase agreement with Purini Partnership to acquire 100% interest in five prospecting permits located near the Purini River in the Mazaruni Mining District No. 3, Guyana. As consideration, the Company has agreed to a one-time cash payment of $300,000 (paid) and the issuance of 27,000,000 common shares. On July 6, 2022, the Company issued the 27,000,000 common shares at a price of $0.09 per share for a total fair value of $2,430,000. In connection with the asset purchase, the Company issued 1,000,000 common shares to RSJ Consulting Inc. with a fair value of $100,000 to facilitate the transaction. The Company also capitalized $39,843 in legal costs.

Details of exploration activities during the years ended August 31, 2022 and 2021 are as follows:

	2022	**2021**
Engineering, geology, and project management	$ -	$ 7,146
Geophysical	71,723	
Security	112,462	
BC Mining Exploration tax credit	-	(3,414)
	$ 184,185	$ 3,732

6. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

101,230,827 common shares without par value.

For the year ended August 31, 2022:

On July 6, 2022, the Company issued 27,000,000 common shares fair valued at $2,430,000 pursuant to the terms of an asset purchase agreement (Note 5).

On July 8, 2022, the Company issued 1,000,000 common shares pursuant to the terms of a consulting agreement with a fair value of $100,000 (Note 5).

6. SHAREHOLDERS' EQUITY (cont'd)

(b) Issued and outstanding (cont'd)

For the year ended August 31, 2022 (cont'd):

During January 2022, the Company issued 3,441,800 units pursuant to a private placement at $0.25 per unit for gross proceeds of $860,450. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share at $0.40 per share for a period of two years. In addition, the Company paid cash finder's fees of $41,018 and issued a total of 164,070 agent's warrants at a price of $0.40 until January 20, 2024. The Company fair valued the agent's warrant at $19,347 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.26%; dividend yield of 0%; volatility of 112%; expected life of two years; stock price of $0.25.

On October 28, 2021, the Company issued 50,000,000 common shares with a fair value of $12,500,000 pursuant to the terms of an asset purchase agreement (Note 5).

On October 5, 2021, the Company issued 80,000 common shares pursuant to the exercise of share purchase options for total proceeds of $15,200. The Company transferred $11,830 from reserves.

For the year ended August 31, 2021:

On August 12, 2021, the Company issued 5,418,000 units pursuant to a private placement at $0.25 per unit for gross proceeds of $1,354,500; $162,540 of the gross proceeds were allocated to reserve. 54,500 of the units (fair valued at $13,500) were also issued to settle accounts payable. Each unit consisted of one common share and one half (1/2) warrant, with each warrant entitling the holder to purchase an additional common share at $0.40 until August 12, 2022. In addition, the Company issued a total of 162,900 agent warrants exercisable at $0.40 per share until August 12, 2022. The fair value of the agent warrants was determined to be $7,700 and is included in share issuance costs.

(c) Escrow shares

The Company has the following shares held in escrow:

i) On August 28, 2018, the Company executed an escrow agreement with an escrow agent and a security holder where they agreed to deposit 2,650,777 common shares in escrow. Under the escrow agreement, 10% of the shares were released upon completion of the IPO and 15% of the shares were released every six months following listing. As at August 31, 2022, there were no shares held in escrow (2021 - 795,233).

ii) On October 28, 2021, the Company executed escrow agreements with an escrow agent and a security holder where they agreed to deposit 42,400,000 common shares in escrow. Under the escrow agreement, 10% of the shares were released on November 3, 2021 and 15% of the shares will be released every six months following. As at August 31, 2022, the Company has 31,800,000 common shares held in escrow with the next release of 6,360,000 on November 3, 2022.

(d) Stock options

The Company's stock option plan authorizes the issuance of options up to a maximum of 10% of the Company's issued shares. The exercise price of any option granted shall not be less than the fair market value of the shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than ten years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest fully on the date of grant.

(Expressed in Canadian Dollars)

6. SHAREHOLDERS' EQUITY (cont'd)

(d) Stock options (cont'd)

On July 12, 2022, the Company granted 750,000 stock options to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at $0.10 per share expiring on July 13, 2023. The stock options vest on the date of grant. The fair value of the stock options of $27,075 was determined using the Black-Scholes option pricing model with the following assumptions: share price on date of grant of $0.09; risk-free interest rate of 3.09%; dividend yield of 0%; expected life of one year; forfeiture rate of 0%; expected volatility of 112%.

	2022		2021	
	Number of share options	**Weighted average exercise price $**	**Number of share options**	**Weighted average exercise price $**
Outstanding and exercisable, beginning of year	1,250,000	0.22	850,000	0.20
Exercised	(80,000)	0.19	-	-
Forfeited/Cancelled	(1,170,000)	0.21	(450,000)	0.50
Granted	750,000	0.10	850,000	0.38
Outstanding and exercisable, ending of year	750,000	0.10	1,250,000	0.22

As at August 31, 2022, the Company has outstanding 750,000 stock options exercisable at $0.10 per share expiring on July 13, 2023.

(e) Share purchase warrants

	2022		2021	
	Number of share purchase warrants	**Weighted average exercise price $**	**Number of share purchase warrants**	**Weighted average exercise price $**
Outstanding, beginning of year	2,871,900	0.40	3,744,306	0.29
Issued	3,605,870	0.40	2,871,900	0.40
Exercised	-	-	(366,250)	0.21
Expired	(2,871,900)	0.40	(3,378,056)	0.30
Outstanding, end of year	3,605,870	0.40	2,871,900	0.40

(Expressed in Canadian Dollars)

6. SHAREHOLDERS' EQUITY (cont'd)

(e) Share purchase warrants (cont'd)

Number of warrants outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
2,974,070	$0.40	January 11, 2024	1.36
631,800	$0.40	January 20, 2024	1.39
3,605,870			

7. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

		2022	2021
Consulting fees			
	Harmony Corporate Services Ltd., a company controlled by the CFO	$ 30,000	$ -
	A company controlled by the former CEO	21,000	72,000
	A company controlled by the former CFO	15,000	78,000
Share-based payments			
	Directors and corporate officers	-	221,400
		$ 66,000	$ 371,400

Included in accounts payable at August 31, 2022 is $9,450 (2021 - $nil) owed to a company controlled by the CFO for unpaid consulting fees.

8. RISK MANAGEMENT

(a) 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. Credit risk for the Company is associated with its cash and receivables. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution and receivables consist entirely of GST receivable.

8. RISK MANAGEMENT (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

As at August 31, 2022, the Company has cash of $6,503 (2021 - $1,197,565) available to apply against short-term business requirements and current liabilities of $173,241 (2021 - $110,151). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of August 31, 2022. The Company will be required to raise additional capital in order to fund operations for the next twelve months.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk at this time. The Company currently does not plan to enter into foreign currency future contracts to mitigate foreign currency risk.

9. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company did not change its approach to capital management during the year ended August 31, 2022.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

10. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and evaluation of resource properties, and all long-term assets of the Company are located in Guyana.

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		2022		2021
Loss for the year	$	(1,044,963)	$	(1,120,072)
Tax rate		27.00%		27.00%
Expected recovery		(282,100)		(302,400)
Items not deductible for tax purposes		7,300		59,800
Origination and reversal of temporary differences		285,900		(12,900)
Unused tax losses and tax offsets not recognized		(11,100)		255,500
Total income tax expense	$	-	$	-

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at August 31, 2022, the Company has not recognized the benefit of the following deductible temporary differences:

	Expiry		2022		2021
Exploration and evaluation assets	No expiry date	$	333,900	$	150,000
Share issuance costs	2024 to 2026	$	95,600	$	105,000
Non-capital losses	2038 to 2042	$	2,247,800	$	1,364,000