GOLDEN SHIELD RESOURCES INC.
(formerly Goldblock Capital Inc.)

Consolidated Financial Statements

For the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GOLDEN SHIELD RESOURCES INC. (FORMERLY GOLDBLOCK CAPITAL INC.)

Opinion

We have audited the consolidated financial statements of Golden Shield Resources Inc. (formerly Goldblock Capital Inc.) (the "Company"), which comprise:

- the consolidated statements of financial position as at July 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the year ended July 31, 2022 and the period from incorporation on November 27, 2020 to July 31, 2021;
- the consolidated statements of cash flows for the year ended July 31, 2022 and the period from incorporation on November 27, 2020 to July 31, 2021;
- the consolidated statements of changes in shareholders' equity for the year ended July 31, 2022 and the period from incorporation on November 27, 2020 to July 31, 2021; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended July 31, 2022 and the period from incorporation on November 27, 2020 to July 31, 2021 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has recurring losses since inception and had an accumulated deficit of $10,093,288 as at July 31, 2022. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicates 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 the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 24, 2022

GOLDEN SHIELD RESOURCES INC. (formerly Goldblock Capital Inc.)
Consolidated Statements of Financial Position
As at July 31, 2022 and 2021
(Expressed in Canadian dollars)

	Note	July 31, 2022	July 31, 2021
		$	$
Assets			
Current assets			
Cash		**5,712,597**	563,862
GST/HST receivable		**9,202**	4,686
Prepaid expenses	7	**421,136**	-
Securities held for trading	8	**22,500**	-
		6,165,435	568,548
Exploration and evaluation assets	9	**2,288,739**	50,000
Land option deposits	5, 9	**-**	154,520
Total assets		**8,454,174**	773,068
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	**234,309**	107,703
Deposit received	4	**-**	175,000
Total liabilities		**234,309**	282,703
Shareholders' equity			
Share capital	10	**15,534,073**	1,012,250
Reserves	10	**2,779,080**	-
Deficit		**(10,093,288)**	(521,885)
Total shareholders' equity		**8,219,865**	490,365
Total liabilities and shareholders' equity		**8,454,174**	773,068

Approved and authorized for issuance on behalf the Board of Directors on November 24, 2022.

Leo Hathaway	*Hilbert Shields*
Director	Director

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

GOLDEN SHIELD RESOURCES INC. (formerly Goldblock Capital Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021
(Expressed in Canadian dollars, except number of shares)

	Note	**2022**	2021
		$	$
Operating expenses			
Bank fees		**5,620**	1,196
Consulting fees	11	**135,394**	36,500
Exploration and evaluation expenditures	9, 11	**4,229,660**	297,753
Filing fees		**102,794**	5,000
General and administrative		**226,495**	18,125
Insurance		**145,924**	-
Management fees	11	**76,001**	-
Marketing		**494,368**	-
Professional fees	11	**375,689**	159,959
Share-based compensation	11	**716,152**	-
Total operating expenses		**(6,508,097)**	(518,533)
Change in fair value of securities held for trading	8	**(7,500)**	-
Foreign exchange gain (loss)		**(11,293)**	(3,352)
Impairment of exploration and evaluation assets	9	**(122,201)**	-
Listing expense	4	**(2,922,312)**	-
Net loss and comprehensive loss for the period		**(9,571,403)**	(521,885)
Net loss per share			
Basic and diluted		**(0.39)**	(0.04)
Weighted average number of shares			
Basic and diluted		**24,479,031**	11,737,119

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

GOLDEN SHIELD RESOURCES INC. (formerly Goldblock Capital Inc.)
Consolidated Statements of Cash Flows
For the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Operating activities		
Net loss for the period	**(9,571,403)**	(521,885)
Adjustments for non-cash items:		
Change in fair value of securities held for trading	**7,500**	-
Impairment of exploration and evaluation assets	**122,201**	-
Listing expense	**2,922,312**	-
Share-based compensation	**716,152**	-
Shares issued for services	**-**	37,500
Changes in non-cash working capital:		
GST/HST receivable	**4,686**	(4,686)
Prepaid expenses	**(421,136)**	-
Accounts payable and accrued liabilities	**47,574**	107,703
Net cash used in operating activities	**(6,172,114)**	(381,368)
Investing activities		
Acquisition of Marudi Project	**(516,374)**	(154,520)
Acquisition of Arakaka Project	**(700,000)**	(50,000)
Cash acquired in the Transaction	**12,326**	-
Net cash used in investing activities	**(1,204,048)**	(204,520)
Financing activities		
Proceeds from private placements	**12,978,349**	974,750
Share issuance costs	**(453,452)**	-
Deposit received	**-**	175,000
Net cash provided by financing activities	**12,524,897**	1,149,750
Net increase in cash	**5,148,735**	563,862
Cash, beginning of the year	**563,862**	-
Cash, end of the year	**5,712,597**	563,862
Supplemental disclosures with respect to cash flows:		
Shares issued for Romanex Option Agreement	**$867,845**	$ -
Broker's warrants issued for private placement	**$169,015**	$ -
Interest paid	**$ -**	$ -
Taxes paid	**$ -**	$ -

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

GOLDEN SHIELD RESOURCES INC. (formerly Goldblock Capital Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021
(Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	$	$	$	$
Balance, November 27, 2020 (incorporation)	1	-	-	-	-
Common share cancelled	(1)	-	-	-	-
Shares issued for services	5,625,000	37,500	-	-	37,500
Shares issued for cash	9,196,875	974,750	-	-	974,750
Net loss for the period	-	-	-	(521,885)	(521,885)
Balance, July 31, 2021	14,821,875	1,012,250	-	(521,885)	490,365
Units issued for cash	22,494,771	11,084,436	1,893,913	-	12,978,349
Share issuance costs	-	(622,467)	169,015	-	(453,452)
Shares issued in the Reverse Takeover	4,500,000	3,192,009	-	-	3,192,009
Shares issued for the Romanex Option Agreement	1,212,074	867,845	-	-	867,845
Share-based compensation	-	-	716,152	-	716,152
Net loss for the year	-	-	-	(9,571,403)	(9,571,403)
Balance, July 31, 2022	**43,028,720**	**15,534,073**	**2,779,080**	**(10,093,288)**	**8,219,865**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Golden Shield Resources Inc. (formerly Goldblock Capital Inc.) (the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on January 29, 2018. The Company completed a reverse takeover transaction on February 15, 2022, as further described below. The Company’s head office and principal address is Suite 700, 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is in the business of acquiring, exploring, and developing mineral properties, primarily those containing gold and associated base and precious metals. The Company will be required to obtain additional financing to explore and develop its future resource properties. The Company is listed on the Canadian Securities Exchange (the “CSE”) under the stock symbol “GSRI”.

Reverse takeover

Virgin Gold Corp. (“Virgin Gold”) was incorporated under the Business Corporations Act (British Columbia) on November 27, 2020.

On April 19, 2021, the Company entered into a definitive agreement with Virgin Gold, pursuant to which the Company will acquire all of the issued and outstanding shares of Virgin Gold (the “Transaction”). The Transaction was completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby Virgin Gold amalgamated with 1294320 B.C. Ltd., a wholly owned subsidiary of the Company (the “Amalgamation”).

On September 15, 2021, pursuant to the Transaction, Virgin Gold consolidated its common shares on a 4:3 basis.

Pursuant to the Transaction on February 15, 2022, Virgin Gold completed the Amalgamation with 1294320 B.C. Ltd. under the Business Corporations Act (British Columbia) to form 1348135 B.C. Ltd., a wholly owned subsidiary of the Company. In connection with the Transaction, the Company changed its name to “Golden Shield Resources Inc.”. As part of the Amalgamation, shareholders of Virgin Gold exchanged their post-consolidation shares for the post-consolidation shares of Golden Shield Resources Inc. on a 1:1 basis, which resulted in the reverse takeover of the Company.

For accounting purposes, Virgin Gold is treated as the accounting acquirer (legal subsidiary) in these consolidated financial statements for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021 (the “Financial Statements”). As Virgin Gold was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these Financial Statements at their historical carrying values. The Company’s results of operations are included from the date of the Transaction on February 15, 2022. The comparative figures are those of Virgin Gold prior to the reverse acquisition. The comparative figures are presented from November 27, 2020, the incorporation date of Virgin Gold.

Effective February 15, 2022, any unexercised options and warrants of the Company were cancelled. Prior to closing of the Transaction, the Company consolidated its common shares on a 2:1 basis. As a result, all information relating to basic and diluted loss per share, issued, and outstanding common shares, and per share amounts in these Financial Statements have been restated retroactively to reflect the share consolidation.

Going concern

These Financial Statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception and had an accumulated deficit of $10,093,288 as at July 31, 2022 (2021 - $521,885). The Company will require additional financing, either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its exploration and evaluation assets. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt. Accordingly, these Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and these adjustments may be material.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Going concern (continued)

As of the date of these Financial Statements, COVID-19 has had minimal impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results of the Company in future periods.

2. BASIS OF PREPARATION

a) Statement of compliance

These Financial Statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

These Financial Statements were approved and authorized for issuance in accordance with a resolution from the Board of Directors on November 24, 2022.

b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"), which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

These Financial Statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. References to "CAD" are to Canadian dollars and references to "US$" are to United States dollars.

d) Basis of consolidation

These Financial Statements include the accounts of the Company and its subsidiaries. Subsidiaries are included in the consolidated Financial Statements from the date control commences until the date control ceases. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions and balances are eliminated on consolidation.

These Financial Statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Aurous Guyana Inc.	Guyana	100%	CAD	Mining company
Manticore Resources Inc.	Guyana	100%	CAD	Mining company
Romanex Guyana Exploration Limited	Guyana	100%	CAD	Mining company
StrataGold Guyana Inc.	Guyana	100%	CAD	Mining company

e) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand and deposits held on call with banks.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as FVTPL.

Subsequent measurement

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

Financial assets at FVTPL

Financial assets measured at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies securities held for trading in this category.

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

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are recognized in other comprehensive income (loss). The Company does not have any FVTOCI financial assets.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method, net of any impairment allowance. The Company classifies cash in this category.

(ii) Derecognition

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

(iii) 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 deposit received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation assets and exploration expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of mineral property interests are capitalized. Exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. During the year ended July 31, 2022, the Company incurred $4,229,660 on multiple properties in exploration costs which have been expensed to the consolidated statements of loss and comprehensive loss (2021 - $297,753).

Expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be transferred to property, plant, and equipment and amortized using the unit-of-production method based upon proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property will be assessed for impairment.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

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

d) Equity instruments

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, and share purchase warrants are classified as equity instruments.

e) Share issuance costs

Professional, consulting, regulatory, and other costs directly attributable to equity financing transactions are recorded as share issuance costs when the financing transactions are completed if the completion of the transaction is considered likely. Otherwise, they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

f) Share purchase warrants

Share purchase warrants are classified as a component of equity. Share purchase warrants are initially recorded as a part of reserves in equity at the recognized fair value as determined by the Black-Scholes option pricing model. Upon exercise of the share purchase warrants the previously recognized fair value of the warrants exercised is reallocated from reserves to share capital. The proceeds generated from the payment of the exercise price are also allocated to share capital. Should the share purchase warrants expire before exercise the previously recognized fair value of the warrants expired is reallocated to deficit from reserves.

Proceeds received on the issuance of units consisting of common shares and share purchase warrants are allocated first to common shares based on the market trading price of the common share at the time the units are issued, and any excess is allocated to warrants. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the share purchase warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Earnings (loss) per share

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

h) Share-based compensation

The Company records all share-based compensations at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting year, described as the year during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based compensation reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

i) Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income (loss) or directly in equity, in which case it is recognized in other comprehensive income (loss) or in equity, respectively. Mining duties, taxes, royalties, and withholding taxes are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed by a government authority and the amount payable is calculated by reference to taxable income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable or recoverable with regards to previous years.

Deferred tax expense is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax expense is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

j) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the year in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Use of estimates and judgments

The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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 year. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The indicators of impairment of exploration and evaluation assets

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.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the resource properties, current and future metal prices, and market sentiment are all factors considered by the Company.

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Accounting for reverse takeover

The determination of the acquirer in the reverse takeover transaction with Virgin Gold requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded Virgin Gold to be the accounting acquirer, and its acquisition of all of the outstanding shares of the Company has been determined to be an asset acquisition as the Company does not meet the definition of a business under IFRS 3 *Business combinations*. As a result, the transaction has been accounted for as a reverse takeover by Virgin Gold of the Company's net assets in accordance with the guidance under IFRS 2 *Share-based payment*. The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations.

The determination of the Company's and its subsidiaries' functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Use of estimates and judgments (continued)

Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation, and environmental costs arise when an 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 for 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 the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and amount or timing of the underlying cash flows needed to settle the obligation. Costs for the 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 profits as extraction progresses.

The Company has no material restoration, rehabilitation, and environmental costs as the disturbance to date is minimal.

Asset acquisition versus business combination

Management had to apply judgment with respect to whether the acquisitions of Goldblock Capital Inc. (Note 4), Romanex Guyana Exploration Limited (Note 5), and StrataGold Guyana Inc. and Manticore Resources Inc. (Note 6) were an asset acquisition or business combination. This determination required management to assess the inputs, processes, and outputs of the acquired entities at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Pursuant to the assessment, the acquisitions were considered to be asset acquisitions.

Purchase price allocations

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangible assets acquired as part of an acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values.

4. REVERSE TAKEOVER

On February 15, 2022, the Company closed the Transaction as outlined in Note 1.

In accordance with the Transaction, all 14,821,875 pre-concurrent financing outstanding common shares of Virgin Gold were exchanged for 14,821,875 common shares of the Company. As a result, the shareholders of Virgin Gold acquired control of the Company, thereby constituting a reverse takeover. The Transaction is considered a purchase of the Company's net assets by the shareholders of Virgin Gold. The Company did not qualify as a business according to the definition in IFRS 3 *Business combinations* as the significant processes and outputs that together constitute a business did not exist in Goldblock Capital Inc. at the time of acquisition. Therefore, the Transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based payment*. Accordingly, no goodwill was recorded with respect to the Transaction. In the Transaction, the fair value of the 4,500,000 common shares of the Virgin Gold was determined to be $0.7093 per common share, which was the share price of the concurrent private placements (Note 10).

(Expressed in Canadian dollars, except where noted)

4. REVERSE TAKEOVER (continued)

The consideration comprised of common shares exchanged for the fair value of the net assets acquired from the Company as at February 15, 2022 are:

	$
Consideration paid:	
Fair value of the Company common shares (4,500,000 common shares at $0.7093 per share)	3,192,009
Total consideration paid	**3,192,009**
Identifiable assets acquired:	
Cash	12,326
GST/HST receivable	9,202
Securities held for trading	30,000
Deposit paid	175,000
Exploration and evaluation assets	122,201
Accounts payable and accrued liabilities	(73,032)
Due to related parties	(6,000)
Net assets acquired	**269,697**
Listing expense	**2,922,312**

As of February 23, 2022, upon completion of the Transaction, the Company has an additional 7,586,250 escrow common shares. These escrowed shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities (Note 10). The deposit paid for $175,000 was eliminated upon consolidation.

As the fair value of the consideration is $3,192,009, which is greater than the fair value of the net assets acquired and because the Company cannot specifically identify any goods or services that relate to this excess, the excess consideration of $2,922,312 was recognized as listing expense in the statements of loss and comprehensive loss.

5. ACQUISITION OF ROMANEX

On March 10, 2021, the Company signed an option agreement with the shareholders of Romanex Guyana Exploration Limited (“Romanex”) to acquire 100% of the right, title, and interest in Romanex (the “Romanex Option Agreement”). Romanex owns 100% of the Marudi Project. During the period from November 27, 2020 (incorporation) to July 31, 2021, the Company paid a non-refundable exclusivity payment to Romanex of $154,520 (US$120,000) in consideration for a 12-month due diligence period and capitalized it as part of the acquisition costs.

Under the terms of the agreement, the Company paid Romanex US$10,000 per month beginning April 1, 2021 until the satisfactory completion of the due diligence process as property maintenance fees. The Company has paid a total of $75,190 (US$60,000) to Romanex. These amounts are expensed as exploration and evaluation expenditures in the statements of loss and comprehensive loss.

Upon satisfactory completion of the due diligence process, the Company elected to satisfy the option agreement for 100% of right, title, and interest in Romanex through the option payment of US$800,000 in a combination of cash and shares as follows:

- $516,374 (US$400,000) in cash (paid on December 23, 2021); and
- US$400,000 as consideration shares of the resulting issuer following an initial public offering or a reverse takeover transaction, with the number of consideration shares issued to be calculated based on the pricing terms of the resulting issuer’s shares on the date of the final payment. An additional US$400,000 consideration shares of the resulting issuer were issued (issued 1,212,074 common shares at a price of $0.716 per common share with the fair value of $867,845 on March 22, 2022) (Note 9).

The acquisition of Romanex has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business combinations*, as the significant processes and outputs that together constitute a business did not exist in these projects at the time of acquisition. Therefore, the asset acquisition transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based payment*. Accordingly, no goodwill was recorded with respect to the acquisition.

(Expressed in Canadian dollars, except where noted)

5. ACQUISITION OF ROMANEX (continued)

The following table summarizes the asset acquisition:

	$
Consideration paid:	
Cash consideration for due diligence period	154,520
Fair value of common shares issued	867,845
Cash consideration	516,374
Total consideration paid	**1,538,739**
Identifiable assets acquired:	
Exploration and evaluation assets	1,538,739
Net assets acquired	**1,538,739**

6. ACQUISITION OF ARAKAKA

On May 26, 2021, the Company signed an agreement to acquire StrataGold Guyana Inc. and Manticore Resources Inc., which are 100% owned entities of Alicanto Minerals Limited ("Alicanto"). These two entities make up the Arakaka Gold Project in Guyana ("Arakaka Project").

In consideration for the purchase of the Arakaka Project the Company has agreed to the following terms:

- $50,000 in cash within 5 business days of execution of the agreement (paid on June 6, 2021);

- $700,000 in cash on completion of the listing capital raise (paid on February 15, 2022);

- $1,000,000 value of the Company upon the satisfaction of every resource target set out in the table below (which amounts to the sum of any Inferred, Indicated, or Measured 43-101 resources) delineated on the tenements, the designated area or a combination of the tenements and the designated area in the two years following Completion (the "Deferred Consideration Shares");

  The Deferred Consideration Shares will be issued upon achieving the following resource targets:

Resources targets - Million ounces of gold ("Moz Au")	**Shares equivalent**
	$
0.50 Moz Au	1,000,000
0.75 Moz Au	1,000,000
1.00 Moz Au	1,000,000
2.00 Moz Au	1,000,000
Total	**4,000,000**

- The Deferred Consideration Shares will be issued by the Company to Alicanto within 60 days of the date that the Company announces the relevant resource to the market (not met);

- The Deferred Consideration Shares will be issued at the price equal to the volume weighted average price of the listed entity's common shares as traded on the CSE in the ordinary course of trade over the 30 trading days following the release of a new resource estimate to the market by the listed entity; and

- In the event that there is a consolidation or share split of listed entity's shares prior to completion, the number of Deferred Consideration Shares will be adjusted by the same ratio.

The acquisition of Arakaka has been accounted for by the Company as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3 *Business combinations*, as the significant processes and outputs that together constitute a business did not exist in these projects at the time of acquisition. Therefore, the asset acquisition transaction was accounted for in accordance with guidance provided in IFRS 2 *Share-based payment*. Accordingly, no goodwill was recorded with respect to the acquisition.

(Expressed in Canadian dollars, except where noted)

6. ACQUISITION OF ARAKAKA (continued)

The following table summarizes the asset acquisition:

	$
Consideration paid:	
Cash consideration	750,000
Total consideration paid	**750,000**
Identifiable assets acquired:	
Exploration and evaluation assets	750,000
Net assets acquired	**750,000**

7. PREPAID EXPENSES

As at July 31, 2022 and 2021, prepaid expenses consisted of the following:

	July 31, 2022	July 31, 2021
	$	$
Exploration and evaluation expenditures	**263,084**	-
General and administrative	**31,012**	-
Marketing	**127,040**	-
Balance	**421,136**	-

8. SECURITIES HELD FOR TRADING

Securities held for trading are investments that the Company measures at fair value and that are revalued at the end of each reporting period. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The fair value of investments in public companies is referenced to its quoted market price.

Securities held for trading consist of common shares of Bullet Exploration Inc. (formerly 2294253 Alberta Ltd.) that were received pursuant to an option agreement with Bullet Exploration Inc. during the year ended July 31, 2022 (Note 9) and acquired by the Company through the reverse takeover transaction (Note 4). Bullet Exploration Inc. is in the business of acquiring, exploring, and developing mineral properties.

On March 26, 2021, Bullet Exploration Inc. listing was approved by the Toronto Stock Exchange Venture ("TSXV") and Bullet Exploration Inc. began trading on the TSXV under the symbol “AMMO”.

The Company owns less than 10% interest in the investee as at July 31, 2022 and does not have an appointed representative as an officer or board of director.

	Year ended July 31, 2022		Period from November 27, 2020 (incorporation) to July 31, 2021	
	Number of shares	**Market value**	Number of shares	Market value
	#	**$**	#	$
Bullet Exploration Inc.	**500,000**	**22,500**	-	-

During the year ended July 31, 2022, the Company recorded a change in fair value of securities held for trading of $7,500 (2021 - $nil).

(Expressed in Canadian dollars, except where noted)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

The following table provides a summary of exploration and evaluation assets for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021:

	Marudi Project	Arakaka Project	Copper Canyon Property	Total
	$	$	$	$
Balance, July 31, 2020	-	-	-	-
Acquisition costs	154,520	50,000	-	204,520
Balance, July 31, 2021	154,520	50,000	-	204,520
Acquisition costs	1,384,219	700,000	122,201	2,206,420
Impairment of exploration and evaluation assets	-	-	(122,201)	(122,201)
Balance, July 31, 2022	**1,538,739**	**750,000**	**-**	**2,288,739**

The following table provides a summary of exploration and evaluation expenditures for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021:

	Marudi Project	Arakaka Project	Sardine Hill Project	Fish Creek Project	Total
	$	$	$	$	**$**
Assaying	28,277	884	-	-	**29,161**
Camp costs	838,231	62,030	2,005	944	**903,210**
Drilling	1,266,086	6,279	778	366	**1,273,509**
General and administrative	500,395	24,620	3,052	1,437	**529,504**
Geological consulting	892,420	69,896	25,579	12,043	**999,938**
Project management	165,218	10,479	1,299	612	**177,608**
Property expenses	227,036	89,694	-	-	**316,730**
Year ended July 31, 2022	**3,917,663**	**263,882**	**32,713**	**15,402**	**4,229,660**

	Marudi Project	Arakaka Project	Sardine Hill Project	Fish Creek Project	Total
	$	$	$	$	**$**
Camp costs	56,763	-	-	-	**56,763**
General and administrative	49,184	-	-	-	**49,184**
Geological consulting	57,812	33,994	-	-	**91,806**
Property expenses	100,000	-	-	-	**100,000**
Period from November 27, 2020 (incorporation) to July 31, 2021	**263,759**	**33,994**	**-**	**-**	**297,753**

Marudi Project

During the year ended July 31, 2022, the Company paid $1,384,219 (2021 - $154,250) acquisition cost for Marudi Project. The acquisition cost comprised of cash of $516,374 and 1,212,074 common shares at a price of $0.716 per share to the shareholders of Romanex for a total fair value of $867,845 (Note 5).

The Marudi Project is located in the Rupununi Mining District in southern Guyana. The project comprises Mining License ML1/2009.

Arakaka Project

During the year ended July 31, 2022, the Company paid $700,000 (2021 - $50,000) acquisition cost for Arakaka Project. The acquisition cost comprised of cash of $700,000 (Note 6).

The Arakaka Project (the “Arakaka Project”) is situated in the Barama-Waimi District of northwestern Guyana. The project comprises 137 tenements.

(Expressed in Canadian dollars, except where noted)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

Copper Canyon Property

On April 25, 2018, the Company entered into an option agreement to acquire a 100% interest in the Copper Canyon Property, located in the Nicola Mining Division of British Columbia, Canada, for the following consideration:

Date	Option payments	Minimum exploration expenditures
April 25, 2018	Payment of $22,500 (paid)	N/A
April 25, 2020	Payment of an additional $20,000 (paid)	Incur $100,000 (met)
April 25, 2021	Payment of an additional $150,000 (paid)	Incur an additional $100,000 (met)
April 25, 2022	N/A	Incur an additional $250,000 (not met)

Exploration expenditures in excess of the minimum amount in any period will be applied towards the next period's minimum required amount.

The vendors will retain a 1.5% Net Smelter Royalty ("NSR"). The Company has the option to purchase 0.5% of the NSR for $1,000,000.

On October 14, 2020, the Company entered into an option agreement with Bullet Exploration Inc. (previously 2294253 Alberta Ltd.) (the "Optionee"), a public company, providing for it to acquire a 75% interest in the Company's Copper Canyon project. The Optionee is required to pay to the Company a total of $245,000 in cash, issue a total of 1,300,000 common shares, and spend a total of $575,000 in qualified expenditures on the Copper Canyon property, all over a three-year period.

The following is a summary of the key terms of the option agreement with the Optionee:

(i) $15,000 (received) cash payment to the Company within 14 days of signing the agreement and an additional $10,000 cash payment (received) and the issuance of 200,000 common shares of the Optionee (received with a fair value of $60,000) to the Company within 60 days of the execution of the option agreement, subject to regulatory approvals.

(ii) On or before April 25, 2021, a cash payment of $50,000 (received) to the Company and the issuance of an additional 300,000 common shares of the Optionee (received with a fair value of $45,000) to the Company and a work commitment of $125,000 (incurred) in qualifying expenditures to be incurred by the Optionee on the property on or before April 25, 2021.

(iii) On or before April 25, 2022, a cash payment of $70,000 to the Company and the issuance of an additional 300,000 common shares of the Optionee to the Company and a further work commitment of $200,000 in qualifying expenditures to be incurred by the Optionee on the property.

(iv) On or before April 25, 2023, a cash payment of $100,000 to the Company and the issuance of an additional 500,000 common shares of the Optionee to the Company and an additional work commitment of $250,000 in qualifying expenditures to be incurred by the Optionee on the Property.

During the period ended July 31, 2021, the Company amended the option agreement, providing for an extension of the work commitment of $90,273 from April 25, 2021 to July 25, 2021 and allowing for the Optionee to assume the exploration expenditure requirement. With regards to the $250,000 in exploration expenditures that are to be incurred on the property on or before April 25, 2022, this will be partially funded by the Optionee by incurring a minimum of $200,000 on the property on or before July 25, 2022.

Under the terms of the various option agreements related to Copper Canyon Project, the $250,000 work commitment requirement by April 25, 2022 was not met. As a result, during the year ended July 31, 2022, it was determined that the value in use of the property was $nil and the Company impaired all of the costs incurred on the property in the amount of $122,201 in accordance with level 3 of the fair value hierarchy.

Fish Creek Project

On December 29, 2020, the Company and its subsidiary Aurous Guyana Inc. ("AGI") entered into a joint venture and option agreement with Guiana Shield Resources ("GSR") ("Fish Creek Agreement"), a related party private company controlled by a director of the Company with regards to the Fish Creek prospecting license, which is owned and controlled by GSR. There are no liens, mortgages, or encumbrances on or conflicting claims of ownership or right to ownership of the property or the mineral rights. The mineral rights are in good standing.

The Company, through its subsidiary AGI, is responsible for paying all rentals or other fees that become due during the term of the agreement to keep the mineral rights in good standing with the Guyana Geology and Mines Commission. The term of the agreement is for five years with possible extensions.

(Expressed in Canadian dollars, except where noted)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

Fish Creek Project (continued)

If the Company provides payment of such amount indicated in the table below, the term of the agreement shall be automatically maintained for an additional year:

Year (to be paid on or before the anniversary date of the date of the initial payment)	Amounts
	US$
Within 6 months of effective date	150,000
1st anniversary	200,000
2nd anniversary	200,000
3rd anniversary	200,000
4th anniversary	300,000
Total	**1,050,000**

As at July 31, 2022, the Company and GSR have agreed to defer the payments to a mutually agreeable schedule; payments have been subsequently made to GSR (Note 17).

Sardine Hill Option Agreement

On May 24, 2021, the Company, through its subsidiary AGI, signed an Exclusive Right and Option Agreement ("Letter of Agreement") with the property owners of the Mariwa Property ("Sardine Hill"). AGI has paid an exclusivity payment of US$1 to begin the due diligence process and shall enter into a Definitive Agreement with the property owners within 60 days of the Letter of Agreement. As of July 31, 2022, the Company has not entered into a Definitive Agreement.

AGI will assume responsibility of ensuring all rents and renewal fees are remitted on a timely basis to maintain the property in good standing. AGI will also cover all costs of the transfer of permits upon completion of all payments to the property owners. The property owners will retain all surface mining rights until all remaining payments of US$4,500,000 are completed.

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended July 31, 2022, the Company completed the following transactions:

On September 16, 2021, the Company completed a private placement for gross proceeds of $4,106,424 through the issuance of 4,831,086 units at $0.85 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of $1.35. As a result, $712,590 was recorded in reserves for the fair value of the warrants.

On December 23, 2021, the Company completed a private placement for gross proceeds of $2,583,475 through the issuance of 3,039,383 units at $0.85 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of $1.35. As a result, $450,108 was recorded in reserves for the fair value of the warrants.

On February 15, 2022, as consideration in the Transaction, Virgin Gold issued 4,500,000 common shares with a fair value of $0.709 per share resulting in an increase to share capital of $3,192,009 (Note 4).

On March 22, 2022, pursuant to the Romanex Option Agreement (Note 5), the Company issued 1,212,074 at a price of $0.716 per common share to the shareholders of Romanex for a total fair value of $867,845.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

During the year ended July 31, 2022, the Company completed the following transactions: (continued)

On July 5, 2022, the Company completed a private placement for gross proceeds of $6,288,450 through the issuance of 14,624,302 units at $0.43 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share in the capital of the Company for a period of two years at a price of $0.60. As a result, $731,215 was recorded in reserves for the fair value of the warrants. In connection with the issuance, the Company paid cash share issuance costs of $453,452 and issued 691,412 broker warrants with a fair value of $169,015. Each broker warrant allows the holder to acquire 691,412 shares of the Company at an exercise price of $0.43 per share for a two-year period.

During the period from November 27, 2020 (incorporation) to July 31, 2021, the Company completed the following transactions:

On November 27, 2020, the date of incorporation, the Company issued one common share at $0.01 which was subsequently repurchased by the Company for $0.01 and subsequently cancelled.

On January 10, 2021, 5,625,000 common shares were issued with a fair value of $37,500 in consideration for professional services performed, which were valued at the concurrent private placement share price of $0.007 per common share.

On January 15, 2021, the Company completed a private placement for gross proceeds of $49,750 through the issuance of 7,462,500 common shares at $0.007 per common share.

On February 19, 2021, the Company completed a private placement for gross proceeds of $925,000 through issuance of 1,734,375 common shares at $0.53 per common share.

c) Escrowed shares

Prior to the Transaction (Note 4), the Company had 1,136,869 escrowed shares, of which one third escrowed shares were released on March 3, 2022, and one third will be released on September 3, 2022 and March 3, 2023.

On February 18, 2022, an escrow agreement (the “Escrow Agreement”) between the Company and certain shareholders of the Company has been completed resulting in 7,586,250 common shares (the “Escrowed Shares”) being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares was released from escrow on the Escrow Agreement date (the “Initial Release”) and an additional 15% to be released every six months thereafter following the Initial Release. These Escrowed Shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities.

As at July 31, 2022, 1,137,581 shares have been released from escrow with 7,585,538 (2021 – nil) escrowed shares remaining.

d) Share purchase warrants

On September 16, 2021, in connection with the issuance of units, 2,415,543 share purchase warrants were issued with a fair value of $712,590.

On December 23, 2021, in connection with the issuance of units, 1,519,692 share purchase warrants were issued with a fair value of $450,108.

On July 5, 2022, in connection with the issuance of units, 14,624,302 share purchase warrants were issued with a fair value of $731,215.

The fair values of the warrants are determined by the Black-Scholes option pricing model and the following assumptions:

	December 23, 2021	September 16, 2021
Share price	$0.70	$0.70
Exercise price	$1.35	$1.35
Expected life (years)	2.00	2.00
Expected volatility	110.00%	110.00%
Risk-free rate	0.98%	0.44%
Dividend yield	0.00%	0.00%

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

d) Share purchase warrants (continued)

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

The following is a summary of the Company's warrants for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021:

	Warrants outstanding	**Weighted average exercise price**
	#	$
Balance, November 27, 2020 (incorporation) and July 31, 2021	-	-
Issued	18,559,537	0.76
Balance, July 31, 2022	18,559,537	0.76

As at July 31, 2022, the Company had the following share purchase warrants outstanding and exercisable:

Expiry date	**Warrants outstanding**	**Weighted average exercise price**	**Weighted average remaining life**
	#	$	Years
September 16, 2023	2,415,543	1.35	1.13
December 23, 2023	1,519,692	1.35	1.40
July 5, 2024	14,624,302	0.60	1.93
Balance, July 31, 2022	**18,559,537**	**0.76**	**1.78**

e) Broker warrants

On July 5, 2022, in connection with the issuance of units, the Company issued 691,412 broker warrants with a fair value of $169,015. Each broker warrant allows the holder to acquire one common share of the Company at an exercise price of $0.43 per share for a two-year period.

The fair values of the warrants are determined by the Black-Scholes option pricing model and the following assumptions:

	July 5, 2022
Share price	$0.38
Exercise price	$0.43
Expected life (years)	2.00
Expected volatility	133.00%
Risk-free rate	3.00%
Dividend yield	0.00%

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the warrants' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

The following is a summary of the Company's warrants for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021:

	Warrants outstanding	**Weighted average exercise price**
	#	$
Balance, November 27, 2020 (incorporation) and July 31, 2021	-	-
Issued	691,412	0.43
Balance, July 31, 2022	**691,412**	**0.43**

As at July 31, 2022, the Company had 691,412 broker warrants outstanding and exercisable (July 31, 2021 - nil) with an exercise price of $0.43 and expire on July 5, 2024. As at July 31, 2022, the remaining life of these warrants is 1.93 years.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

f) Stock options

The Company has a rolling stock option plan ("the Plan") whereby a maximum of 10% of the issued common shares will be reserved for issuance under the Plan. Options granted under the Plan vest immediately or over a period at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares unless the Company has obtained shareholder approval. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The exercise price of an option will be set by the Board of Directors and cannot be less than the discounted market price, as such term is defined in policies of the CSE and other applicable regulatory authorities.

On February 15, 2022, the Company granted 2,525,000 incentive stock options to certain directors, officers, and consultants of the Company. The options are exercisable at a price of $0.85 per share, have a term of five years, and will vest in equal tranches of 25% on the date which is six, twelve, eighteen and twenty-four months after the grant date, with a total fair value of $1,500,013. During the year ended July 31, 2022, the Company recognized share-based compensation of $716,152 (2021 - $nil) relating to the vesting of stock options. The remaining $783,861 (2021 - $nil) will be recognized as share-based compensation in future reporting periods.

The following is a summary of the Company's stock options for the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021:

	Number of options outstanding	Weighted average exercise price
	#	$
Balance, November 27, 2020 (incorporation) and July 31, 2021	-	-
Granted	2,525,000	0.85
Balance, July 31, 2022	**2,525,000**	**0.85**

As at July 31, 2022, the Company had the following stock options outstanding and exercisable:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Remaining contractual life
	#	#	$	Years
February 15, 2027	2,525,000	-	0.85	4.55
Balance, July 31, 2022	**2,525,000**	**-**	**0.85**	**4.55**

The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with the following assumptions:

	February 15, 2022
Share price	$0.75
Exercise price	$0.85
Expected life (years)	5.00
Expected volatility	114.00%
Risk-free rate	1.82%
Dividend yield	0.00%

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having 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 Company's Board of Directors and Corporate Officers.

(Expressed in Canadian dollars, except where noted)

11. RELATED PARTY TRANSACTIONS (continued)

On December 29, 2020, the Company and its subsidiary AGI entered into a joint venture and option agreement with GSR, a related party controlled by a director of the Company (Note 9).

As at July 31, 2022, there was $105,033 (2021 - $5,250) due to related parties included in accounts payable and accrued liabilities. The amounts due are unsecured, due on demand and are non-interest bearing.

During the year ended July 31, 2021, the Company issued 5,625,000 common shares with a fair value of $37,500 to directors of the Company in consideration for consulting services performed.

During the year ended July 31, 2022 and the period from November 27, 2020 (incorporation) to July 31, 2021, the Company had the following transactions with related parties:

	Year ended July 31, 2022	From November 27, 2020 (incorporation) to July 31, 2021
	$	$
Consulting fees	**114,632**	5,000
Exploration and evaluation expenditures	**1,381,303**	129,865
Management fees	**76,001**	-
Professional fees	**87,500**	31,500
Share-based compensation	**595,612**	-
Total	**2,255,048**	166,365

12. RISK MANAGEMENT

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

c) Market risk

i. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables are constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended July 31, 2022 would have varied by a negligible amount.

ii. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

13. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support current operations comprising the acquisition and development of its exploration and evaluation assets. The Company obtains funding primarily through issuing common shares. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars, except where noted)

14. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments consist of cash, securities held for trading, and accounts payable and accrued liabilities.

IFRS 13 *Fair value measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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

The carrying value of cash and accounts payable and accrued liabilities approximated their fair value due to their short-term nature.

As at July 31, 2022, securities held for trading were measured at fair value using Level 1 inputs. The fair value of securities held for trading was measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in profit or loss.

During the period ended July 31, 2022 and 2021, there were no transfers between Level 1, Level 2, and Level 3 classified financial assets and liabilities.

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of exploration and evaluation assets. The Company's exploration and evaluation assets are located in Guyana.

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the year ended July 31, 2022 and 2021 is as follows:

	Year ended July 31, 2022	Period from November 27, 2020 (incorporation) to July 31, 2021
	$	$
Loss for the period	**(9,571,403)**	(521,885)
Statutory income tax rate	**27%**	27%
Expected income tax recovery	**(2,584,000)**	(141,000)
Non-deductible expenditures and non-taxable revenues	**1,110,000**	-
Differences between Canadian and foreign tax rates	**84,000**	-
Change in unrecognized deferred tax assets	**1,390,000**	141,000
Total income tax	**-**	-

(Expressed in Canadian dollars, except where noted)

16. INCOME TAXES (continued)

The Company recognizes tax benefits for losses or other deductible amounts where it is probable that the Company will be able to utilize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	July 31, 2022	July 31, 2021
	$	$
Non-capital loss carry-forward	**1,634,000**	141,000
Share issue costs	**98,000**	-
Property and equipment	**123,000**	-
Marketable securities	**2,000**	-
Resource properties	**(467,000)**	-
Total	**1,390,000**	-

The Company has available for deduction against future taxable income non-capital losses carried forward of $6,297,000 that will expire in 2039 - 2042. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these Financial Statements due to the uncertainty of their realization.

17. SUBSEQUENT EVENTS

On August 10, 2022, pursuant to the Fish Creek Agreement, the Company made an option payment of $193,146 (US$150,000) to GSR.

On August 15, 2022, the Company granted 1,480,000 options to directors, officers, and consultants under the Company's stock option plan on August 11, 2022. The options have an exercise price of $0.35 and will vest over three years. They are exercisable for a period of five years from the date of the grant and are subject to the policies of the CSE.

On September 1, 2022, pursuant to the Fish Creek Agreement, the Company made an option payment of $265,622 (US$200,000) to GSR.

On September 3, 2022, an additional 1,516,894 shares were released from escrow. As a result, the remaining balance of escrowed shares is 6,068,644.