

**MAKARA MINING CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2023, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

**MAKARA MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
As at September 30, 2023 and December 31, 2022  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current		
Cash	\$ 6,482	\$ 21,027
Amount receivable	12,051	16,680
Prepaid expenses (Note 7)	3,545	8,002
	<u>22,078</u>	<u>45,709</u>
Equipment	-	3,550
Exploration and evaluation assets (Note 5)	<u>60,567</u>	<u>161,067</u>
	<u>\$ 82,645</u>	<u>\$ 210,326</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 500,241	\$ 492,721
Due to related parties (Note 7)	156,738	147,205
	<u>656,979</u>	<u>639,926</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Share capital (Note 6)	7,695,719	7,616,351
Contributed surplus	594,245	647,360
Deficit	<u>(8,864,298)</u>	<u>(8,693,311)</u>
	<u>(574,334)</u>	<u>(429,600)</u>
	<u>\$ 82,645</u>	<u>\$ 210,326</u>

Going concern (Note 2)  
Commitments (Notes 5 and 6)  
Subsequent event (Notes 1 and 5)

APPROVED ON BEHALF OF THE BOARD:

"Patrick Morris" Director  
Patrick Morris

"Mark Luchinski" Director  
Mark Luchinski

**MAKARA MINING CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Expenses				
Consulting fees (Note 7)	\$ 7,500	\$ 82,500	\$ 118,346	\$ 251,384
Depreciation	-	416	296	1,248
Filing fees	2,450	6,947	7,290	20,616
General exploration costs (Notes 5 and 7)	4,200	30,745	20,440	58,163
Office and general	471	15,668	2,115	22,378
Professional fees	938	85,597	37,374	127,181
Share based payments (recovery) (Notes 6 and 7)	(63,065)	33,142	(53,115)	158,739
Shareholder information	-	42,500	-	73,468
Transfer agent	665	10,962	2,947	15,510
Travel	-	-	-	419
	(46,841)	308,477	135,693	729,106
Income (loss) before other items:	46,841	(308,477)	(135,693)	(729,106)
Other items:				
Gain on debt settlement (Notes 5, 6 and 7)	648,000	17,955	799,710	16,416
Termination fee (Note 5)	(725,000)	-	(725,000)	-
Write-off of equipment	-	-	(3,254)	-
Write-off of exploration and evaluation asset (Note 5)	(106,750)	-	(106,750)	-
	(183,750)	17,955	(35,294)	16,416
Net loss and comprehensive loss for the period	\$ (136,909)	\$ (290,522)	\$ (170,987)	\$ (712,690)
Basic and diluted loss per share	\$ (0.03)	\$ (0.06)	\$ (0.03)	\$ (0.16)
Weighted average number of common shares outstanding	5,431,123	4,834,945	5,152,120	4,401,274

**MAKARA MINING CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

For the nine months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
Balance, December 31, 2021	3,854,217	\$ 7,080,575	\$ 420,844	\$ (7,071,774)	\$ 429,645
Shares issued pursuant to option agreements	135,000	94,500	-	-	94,500
Shares issued for debt settlement	481,635	265,098	-	-	265,098
Private placement	351,821	263,866	-	-	263,866
Shares issued under restricted share unit plan	96,000	48,000	(48,000)	-	-
Share issue cost	-	(42,046)	-	-	(42,046)
Share-based payments stock options	-	-	110,739	-	110,739
Share-based payments restricted share unit plan	-	-	48,000	-	48,000
Net loss for the period	-	-	-	(712,690)	(712,690)
Balance, September 30, 2022	4,918,673	\$ 7,709,993	\$ 531,583	\$ (7,784,464)	\$ 457,112
Balance, December 31, 2022	4,918,673	\$ 7,616,351	\$ 647,360	\$ (8,693,311)	\$ (429,600)
Shares issued pursuant to option agreement	25,000	6,250	-	-	6,250
Shares issued for debt settlement	487,450	73,118	-	-	73,118
Share-based payments stock options (recovery)	-	-	(53,115)	-	(53,115)
Net loss for the period	-	-	-	(170,987)	(170,987)
Balance, September 30, 2023	5,431,123	\$ 7,695,719	\$ 594,245	\$ (8,864,298)	\$ (574,334)

See accompanying notes to condensed interim financial statements

**MAKARA MINING CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the nine months ended September 30, 2023 and 2022  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (170,987)	\$ (712,690)
Items not affecting cash:		
Depreciation	296	1,248
Share-based payments (recovery)	(53,115)	158,739
Gain on debt settlement	(799,710)	(16,416)
Termination fees	725,000	-
Write-off of equipment	3,254	-
Write-off of exploration and evaluation asset	106,750	-
Changes in non-cash working capital items related to operations:		
Amount receivable	4,629	6,882
Prepaid expenses and deposits	4,457	(38,034)
Accounts payable and accrued liabilities	147,897	450,704
Cash used in operating activities	(31,529)	(149,567)
<b>Investing Activity</b>		
Mineral property acquisition	-	(69,567)
Cash used in investing activities	-	(69,567)
<b>Financing Activities</b>		
Due to related parties	16,984	4,948
Shares issued for cash	-	263,866
Shares issue cost – cash	-	(42,046)
Cash provided by financing activities	16,984	226,768
Change in cash during the period	(14,545)	7,634
Cash, beginning of period	21,027	13,653
Cash, end of the period	\$ 6,482	\$ 21,287
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>Non-cash Transactions:</b>		
Shares issued for exploration and evaluation assets	\$ 6,250	\$ 94,500
Shares issued for RSU	\$ -	\$ 48,000
Shares issued for debt settlement	\$ 73,118	\$ 265,098

## **MAKARA MINING CORP.**

Notes to the Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **1. CORPORATE INFORMATION**

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol “MAKA”. The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On November 23, 2023, the Company completed a share consolidation on the basis of one-post consolidation common share for every ten pre-consolidation common shares (the “Share Consolidation”). The exercise price of the outstanding stock options, warrants and RSUs and the number of options, warrants and RSUs were proportionately adjusted upon the Share Consolidation. All historical information presented in the financial statements have been adjusted to reflect the Share Consolidation.

### **2. BASIS OF PREPARATION**

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

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on November 29, 2023.

#### **(b) Basis of Measurement**

The condensed interim 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 of the annual financial statements at December 31, 2022. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

#### **(c) Going Concern**

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2023, the Company has not achieved profitable operations, has accumulated losses of \$8,864,298 since inception and expects to incur further losses in the development of its business.

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, relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war between Hamas and Israel and potential economic global challenges such as the risk of the higher inflation and energy crisis, may create further uncertainty and risk with respect to the prospects of the Company’s business.

## **MAKARA MINING CORP.**

Notes to the Condensed Interim Financial Statements

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### **2. BASIS OF PREPARATION – (cont'd)**

#### **(c) Going Concern – (cont'd)**

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at December 31, 2022.

#### Accounting standards and amendments

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **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:

#### **Exploration and Evaluation Asset and Impairment**

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.



**MAKARA MINING CORP.**

Notes to the Condensed Interim Financial Statements

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)****Going Concern**

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

**Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties 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.

**5. EXPLORATION AND EVALUATION ASSETS**

	Rude Creek Property	Win Property	Idaho Property	Total
<u>Deferred costs</u>				
Balance, December 31, 2021	\$ 578,209	\$ 36,000	\$ 73,500	\$ 687,709
Cash payment	25,000	-	20,000	45,000
Shares issued	87,500	-	7,000	94,500
Staking cost	-	24,567	-	24,567
Write-off	(690,709)	-	-	(690,709)
Balance, December 31, 2022	-	60,567	100,500	161,067
Shares issued	-	-	6,250	6,250
Write-off	-	-	(106,750)	(106,750)
Balance, September 30, 2023	\$ -	\$ 60,567	\$ -	\$ 60,567

**MAKARA MINING CORP.**

Notes to the Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**5. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

Summary of exploration expenditures for the nine months ended September 30, 2023 and for the year ended December 31, 2022:

	Total cumulative expenditure to December 31, 2021	Exploration Expenditures to December 31, 2022	Total cumulative expenditure to December 31, 2022	Exploration Expenditures to September 30, 2023	Total cumulative expenditure to September 30, 2023
<b><u>Rude Creek and Win Properties</u></b>					
Exploration expenditures					
Assays	\$ 123,895	\$ 12,000	\$ 135,895	\$ -	\$ 135,895
Drilling	374,585	-	374,585	-	374,585
Field and miscellaneous	109,478	42,000	151,478	16,240	167,718
Geological	142,296	7,553	149,849	-	149,849
Geological report	19,513	-	19,513	-	19,513
Maintenance payments	17,745	19,110	36,855	-	36,855
Soil Assays	-	12,000	12,000	-	12,000
	787,512	80,663	868,175	16,240	896,415
<b><u>Idaho Property</u></b>					
Exploration expenditures					
Assays	4,168	-	4,168	-	4,168
Claim Maintenance	-	-	-	4,200	4,200
Contractors and suppliers	32,171	-	32,171	-	32,171
Field and miscellaneous	11,532	-	11,532	-	11,532
Labour	15,981	-	15,981	-	15,981
Surveying	24,000	-	24,000	-	24,000
Supervision fees	3,388	-	3,388	-	3,388
	91,240	-	91,240	4,200	95,440
<b>Total</b>	<b>\$ 878,752</b>	<b>\$ 80,663</b>	<b>\$ 959,415</b>	<b>\$ 20,440</b>	<b>\$ 979,855</b>

**Rude Creek Property**

By a mineral property option agreement dated May 11, 2020, the Company may acquire up to a 70% interest in the Rude Creek Property. This property consists of 204 mineral claims covering 4,157 hectares in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay cash of \$125,000, issue 375,000 (3,750,000 pre-consolidated) common shares of the Company and fund aggregate expenditures of \$3,175,000 as follows:

- a) Cash payment of \$50,000 on the effective date (paid);
- b) Complete a going public transaction and fund expenditures on the property of at least \$175,000 (incurred) on or before September 30, 2020;
- c) Cash payment of \$25,000 (paid) and issue 100,000 (1,000,000 pre-consolidated) common shares (issued) on or before March 1, 2021;
- d) Fund expenditures on the property of at least \$500,000 on or before September 30, 2021 (incurred);
- e) Cash payment of \$25,000 (paid) and issue 125,000 (1,250,000 pre-consolidated) common shares on or before March 1, 2022; (issued)
- f) Fund expenditures on the property of at least \$1,000,000 on or before September 30, 2022;
- g) Cash payment of \$25,000 and issue 150,000 (1,500,000 pre-consolidated) common shares on or before March 1, 2023; and
- h) Fund expenditures on the property of \$1,500,000 on or before September 30, 2023.

## MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### 5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

#### Rude Creek Property – (cont'd)

Should the Company acquire 70% of the property, the optionor will retain a 3% net smelter returns royalty, 1% of which may be purchased by the Company for \$2,000,000.

Management decided that it will terminate the existing agreement with the Rude Creek Property and as a result, an impairment charge of \$690,709 was recognized during the year ended December 31, 2022.

#### Win Property

On September 21, 2020, the Company staked 127 claims (Win Claims) which is contiguous with the southern boundary to the Rude Creek Property for a total of \$36,000. On September 30, 2021, the Company staked an additional 13 claims for a total of \$1,950. During the year ended December 31, 2022, the Company staked additional claims for a total of \$24,567.

#### Idaho Property

By a property option agreement dated August 19, 2020 and as amended on October 13, 2021 and March 21, 2023, the Company may earn a 100% interest in the Idaho property. The property consists of 58 mineral tenures located in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay of \$150,000, issue 75,000 (750,000 pre-consolidated) common shares of the Company and incur aggregate expenditures of \$2,000,000 as follows:

- a) Cash payment of \$5,000 (paid) and issuance of 2,500 (25,000 pre-consolidated) common shares (issued) of the Company upon execution of this agreement;
- b) Incur \$50,000 in exploration expenditures on or before December 1, 2020 (incurred);
- c) Cash payment of \$10,000 (paid) and issuance of 5,000 (50,000 pre-consolidated) common shares of the Company (issued) on or before May 1, 2021;
- d) Incur an additional \$25,000 in exploration expenditures on or before December 1, 2021 (incurred);
- e) Cash payment of \$20,000 (paid) and issuance of 10,000 (100,000 pre-consolidated) common shares of the Company on or before May 1, 2022 (issued);
- f) Issuance of 25,000 (250,000 pre-consolidated) common shares of the Company on or before May 1, 2023 (issued);
- g) Cash payment of \$40,000 on or before August 31, 2023;
- h) Incur an additional \$725,000 in exploration expenditures on or before December 1, 2023;
- i) Cash payment of \$75,000 and issuance of 32,500 (325,000 pre-consolidated) common shares of the Company on or before May 1, 2024; and
- j) Incur an additional \$1,200,000 in exploration expenditures on or before December 1, 2024.

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for \$1,000,000.

The Company has agreed that if it does not incur the \$725,000 in exploration expenditures on or before December 1, 2023, the Company will pay the optionor the difference on or before December 15, 2023.

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **5. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

#### Idaho Property – (cont'd)

On September 28, 2023, the Company entered into an agreement to terminate the existing agreement with the Optionor as follows: (i) make a cash payment of \$4,200 to keep certain of the mineral claims in good standing, (ii) agreed to issue 600,000 (6,000,000 pre-consolidated) common shares for the settlement of \$725,000 obligation due on or before December 15, 2023 and are subject to resale restrictions of 150,000 (1,500,000 pre-consolidated) common shares (25%) that may be sold after the four month hold period and an additional 25% may be sold every four months thereafter with the last 25% 16 months from the date of issuance. and (iii) issue to the optionor additional common shares of the Company equal to 9.9% of any common shares the Company issues for non-cash consideration within a period of twelve months from September 28, 2023.

As at September 30, 2023, the Company recognized the \$725,000 as a termination fee and estimated the fair valued of the 600,000 (6,000,000 pre-consolidated) common shares to be issued to the optionor at \$77,000 based on the trading price of the shares on the date of issuance of \$0.30 (\$0.03 pre-consolidated) per share (October 10, 2023), discounted by the put option, calculated using the Black-Scholes option-pricing model, for the length of the hold period and accordingly the Company recognized a gain on debt settlement of \$648,000 at September 30, 2023. The 600,000 (6,000,000 pre-consolidated) common shares were issued on October 10, 2023.

The Company also recorded a write-off of exploration and evaluation assets of \$106,750 to the statement of operations.

### **6. SHARE CAPITAL**

#### **(a) Authorized**

Unlimited common shares with no par value.

#### **(b) Issued**

During the nine months ended September 30, 2023:

On May 2, 2023, pursuant to the terms of the property option agreement, the Company issued 25,000 (250,000 pre-consolidated) common shares fair valued at \$6,250.

On May 30, 2023, the Company issued 487,450 (4,874,504 pre-consolidated) common shares to debt settle \$224,828 in debts with former directors and officers of the Company, resulting in a gain on debt settlement of \$151,710.

During the year ended December 31, 2022:

On January 25, 2022, pursuant to the terms of two property option agreements, the Company issued an aggregate of 135,000 (1,350,000 pre-consolidated) common shares fair valued at \$94,500.

On January 31, 2022, the Company issued 135,657 (1,356,562 pre-consolidated) common shares to debt settle \$108,524 in debts with former directors and officers of the Company, resulting in a gain on debt settlement of \$6,783.

On May 18, 2022, the Company issued 166,428 (1,664,286 pre-consolidated) common shares to debt settle \$83,215 in debts with former directors and consultants of the Company, resulting in a loss on debt settlement of \$8,322.

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**6. SHARE CAPITAL – (cont'd)****(b) Issued – (cont'd)**

During the year ended December 31, 2022: - (cont'd)

On May 31, 2022, the Company completed a private placement of 351,821(3,518,207 pre-consolidated) units at a price of \$0.075 per unit for total proceeds of \$263,866. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at a price of \$0.09 per share expiring on May 31, 2024. The Company recorded \$30,142 in share issue cost. A fair value of \$105,546 was allocated to the 351,821 (3,518,207 pre-consolidated) share purchase warrants.

On July 29, 2022, the Company issued 179,550 (1,795,500 pre-consolidated) common shares to debt settle \$89,775 in debts with former directors and consultants of the Company, resulting in a gain on debt settlement of \$17,955.

During the year ended December 31, 2022, pursuant to the Restricted Share Unit Plan, the Company granted an aggregate of 96,000 (960,000 pre-consolidated) RSUs fair valued at \$48,000. This amount is recorded in share-based payments.

**(c) Share Purchase Warrants**

The changes in share purchase warrants were as follows:

	<b>September 30, 2023</b>	<b>Weighted Average Exercise Price</b>	<b>December 31, 2022</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	537,421	\$2.32	191,300	\$4.91
Issued	-	-	351,821	0.90
Expired	(185,600)	5.00	(5,700)	2.00
Balance, end of period	351,821	\$0.90	537,421	\$2.32

As at September 30, 2023, the Company had 351,821 share purchase warrants outstanding as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
351,821	\$0.90	May 31, 2024

**(d) Stock Options**

The Company adopted a stock option plan under which it is authorized to grant options and restricted share units to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

There were no stock options granted during the nine months ended September 30, 2023.

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### **6. SHARE CAPITAL – (cont'd)**

#### **(d) Stock Options – (cont'd)**

On April 22, 2022, the Company granted 36,000 (360,000 pre-consolidated) stock options to directors of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$0.50 (\$0.05 pre-consolidated) per share expiring on April 20, 2024. The stock option vest at 50% on August 22, 2022 and 50% on April 22, 2023. The fair value of the stock option of \$9,577 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.50 (\$0.05 pre-consolidated), Risk-free interest rate of 2.50%, Dividend yield of 0%, Expected life of 2 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the nine months ended September 30, 2023, the Company recorded a reversal of stock-based payments of \$1,470.

On April 22, 2022, the Company granted 96,000 (960,000 pre-consolidated) stock options to directors and officers of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$0.50 (\$0.05 pre-consolidated) per share expiring on April 20, 2025. The stock option vest at 50% on May 1, 2022 and 50% on July 22, 2022. The fair value of the stock option of \$30,125 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.50 (\$0.05 pre-consolidated), Risk-free interest rate of 2.50%, Dividend yield of 0%, Expected life of 3 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies.

On October 29, 2021, the Company granted 30,000 (300,000 pre-consolidated) stock options to a director of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$1.20 (\$0.12 pre-consolidated) per share expiring on October 29, 2026. The stock option vest at 50% at the date of grant and 50% on November 18, 2021. The fair value of the stock option of \$39,000 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.60 (\$0.16 pre-consolidated), Risk-free interest rate of 1.49%, Dividend yield of 0%, Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies.

On March 17, 2021, the Company granted 48,750 (487,500 pre-consolidated) stock options to directors and officers of the Company and consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$3.80 (\$0.38 pre-consolidated) per share expiring on March 16, 2025. The stock option vest at 50% on September 17, 2021 and 50% on March 17, 2022. The fair value of the stock options of \$126,750 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$3.80 (\$0.38 pre-consolidated); Risk-free interest rate of 0.74%; Dividend yield of 0%; Expected life of 4 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies.

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**6. SHARE CAPITAL – (cont'd)****(d) Stock Options – (cont'd)**

On October 27, 2020, the Company granted 51,000 (510,000 pre-consolidated) stock options to directors and officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$9.30 (\$0.93 pre-consolidated) per share expiring on October 27, 2025. The stock option vest as follows: 9,750 (97,500 pre-consolidated) stock options on the date of grant, 15,300 (153,000 pre-consolidated) stock options on October 27, 2021, 18,550 (185,500 pre-consolidated) stock options on October 27, 2022 and 7,400 (74,000 pre-consolidated) stock options on October 27, 2023. The fair value of the stock options of \$351,900 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$9.30 (\$0.93 pre-consolidated); Risk-free interest rate of 0.36%; Dividend yield of 0%; Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the nine months ended September 30, 2023, the Company recorded a reversal of stock-based payments of \$54,585.

The changes in stock options were as follows:

	<b>September 30, 2023</b>	<b>Weighted Average Exercise Price</b>	<b>December 31, 2022</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	261,750	\$2.91	129,750	\$5.36
Granted	-	-	132,000	0.50
Forfeited	(252,250)	2.88	-	-
Balance, end of period	9,500	\$3.80	261,750	\$2.91

As at September 30, 2023, the Company had 9,500 stock options outstanding as follows:

<b>Number of Stock Options</b>	<b>Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
9,500	9,500	\$3.80	March 16, 2025

**(e) Escrow Shares**

Pursuant to the subscription agreements to which such shares were issued by the Company, the 100,000 (1,000,000 pre-consolidated) common shares issued on October 4, 2019 will be held in escrow for two years from the date the Company's shares commence trading on the CSE. In addition, pursuant to an escrow agreement entered into between the Company and the holders of such shares, such shares are placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. As at September 30, 2023, Nil (December 31, 2022 – 15,000 (150,000 pre-consolidated)) common shares were held in escrow.

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**6. SHARE CAPITAL – (cont'd)****(f) Commitment**

RSUs activities were as follows:

On April 22, 2022, the Company agreed to grant 96,000 (960,000 pre-consolidated) RSU to directors and officers of the Company and to a consultant. The granted RSU shall vest at 50% immediately, and 50% will vest in 3 months. During the year ended December 31, 2022, the Company recognized \$48,000 as share-based payments and as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. During the year ended December 31, 2022, the Company issued 96,000 (960,000 pre-consolidated) common shares to settle the RSUs and transferred \$48,000 from contributed surplus of which \$41,500 are related to shares issued to directors and officers of the Company.

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		<b>For the nine months ended September 30,</b>	
		<b>2023</b>	<b>2022</b>
Consulting fees	Andrew H. von Kursell, Former Director	\$ -	\$ 51,000
	Grant Hendrickson, Former Director	35,000	69,000
	Hugh Maddin, Former Director	36,000	29,000
	Jatinder Dhaliwal, Former Director	-	3,000
	Spiral Investments Group, controlled by Gurcham Singh Deol, Former Director	-	18,000
	Uranbileg Yondon, Former Director (recovery)	(8,450)	9,000
		<b>62,550</b>	<b>179,000</b>
Exploration expenditures			
	Uranbileg Yondon, Former Director	16,240	31,500
		<b>16,240</b>	<b>21,000</b>
Share-based payments (recovery)			
	Andrew H. von Kursell, Former Director	-	37,000
	Grant Hendrickson, Former Director	-	44,001
	Hugh Maddin, Former Director	(21,037)	31,493
	Uranbileg Yondon, Former Director	-	10,579
	Jatinder Dhaliwal, Former Director	-	3,451
	Gurcham Singh Deol, Former Director	-	3,451
		<b>(21,037)</b>	<b>129,975</b>
		<b>\$ 57,753</b>	<b>\$ 340,475</b>



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### **7. RELATED PARTY TRANSACTIONS AND BALANCES – (cont'd)**

Included in accounts payable and accrued liabilities at September 30, 2023 is \$8,950 (December 31, 2022 – \$91,045) owed to former directors of the Company for unpaid consulting fees and expense reimbursements. These amounts are non-interest bearing, unsecured and payable on demand.

Included in due to related parties at September 30, 2023 is \$156,738 (December 31, 2022 - \$147,205) owing to former directors of the Company for advances on working capital. These amounts are non-interest bearing, unsecured and payable on demand.

On May 30, 2023, the Company issued 487,450 (4,874,504 pre-consolidated) common shares to debt settle \$224,828 in debts with former directors and officers of the Company, resulting in a gain on debt settlement of \$151,710.

### **8. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the nine months ended September 30, 2023.

### **9. FINANCIAL INSTRUMENTS AND RISKS**

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

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### **9. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at September 30, 2023, the Company had a working capital deficiency of \$634,901 (December 31, 2022 – working capital deficiency of \$594,217). The Company plans to raise financing from private placements to meet its current and future obligations.

#### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Interest rate risk**

The Company is not exposed to significant interest rate risk.

#### **Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Credit Risk**

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

#### **Fair Values**

The Company's financial instruments include cash and accounts payable and accrued liabilities and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

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**9. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

**Fair Value Hierarchy**

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).