



**(formerly Sassy Resources Corporation)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED  
JUNE 30, 2022 AND 2021**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Sassy Gold Corp. (formerly Sassy Resources Corporation)

### *Opinion*

We have audited the accompanying consolidated financial statements of Sassy Gold Corp. (formerly Sassy Resources Corporation) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at June 30, 2022, the Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The above conditions 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 obtained at the date of this auditor's report includes 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 audit of the consolidated financial statements, our responsibility is to read the other information 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 auditor's 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.

### ***Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

October 28, 2022

## Sassy Gold Corp.

(formerly Sassy Resources Corporation)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at

	June 30, 2022	June 30, 2021
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1,734,686	7,592,851
Marketable securities (Note 4)	4,202,909	-
Prepays	101,120	52,003
Sales tax receivable	269,462	62,842
	6,308,177	7,707,696
<b>Deposits</b> (Note 5)	73,051	60,950
<b>Exploration advances</b> (Note 5)	355,000	96,745
<b>Exploration and evaluation assets</b> (Note 5)	18,411,505	10,014,880
	25,147,733	17,880,271
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 8)	1,895,812	337,378
Dividends payable (Note 12)	883,436	-
Other liabilities (Note 7)	-	109,026
Special warrants - Gander Gold Corp. (Note 9)	-	4,471,250
	2,779,248	4,917,654
<b>Shareholders' equity</b>		
Share capital (Note 9)	16,679,630	15,628,966
Share subscriptions in advance (Note 9)	214,875	-
Reserves (Note 9)	4,022,689	1,742,753
Deficit	(3,738,388)	(4,409,102)
	17,178,806	12,962,617
Non-controlling interest (Note 12)	5,189,679	-
	22,368,485	12,962,617
	25,147,733	17,880,271

**Nature of Operations and Going Concern (Note 1)**

**Commitments (Note 14)**

**Subsequent Events (Note 17)**

On behalf of the Board:

"Richard Savage"

Director

"Terry Coughlan"

Director

See accompanying notes to the consolidated financial statements

## Sassy Gold Corp.

(formerly Sassy Resources Corporation)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	Year Ended June 30, 2022	Year Ended June 30, 2021
	(\$)	(\$)
<b>EXPENSES</b>		
Consulting fees (Note 8)	378,840	527,877
General and administrative	67,165	92,267
Management fees (Note 8)	306,667	250,000
Professional fees (Note 8)	328,389	236,969
Share-based payments (Notes 8 and 9)	1,151,940	1,646,194
Transfer agent and filing fees	71,134	60,078
Travel and promotion	398,528	730,159
	(2,702,663)	(3,543,544)
Change in fair value of marketable securities (Note 4)	1,921,866	-
Flow-through share premium recovery (Note 7)	109,026	396,964
Gain on option-out of exploration and evaluation asset (Note 5)	1,401,043	-
Loss on disposal of Rocky Island Gold (Note 16)	(341,400)	-
Interest income	11,865	3,971
<b>Income (loss) and comprehensive income (loss)</b>	<b>399,737</b>	<b>(3,142,609)</b>
<b>Income (loss) and comprehensive income (loss) attributable to:</b>		
Shareholders	670,714	(3,142,609)
Non-controlling interest (Note 12)	(270,977)	-
	399,737	(3,142,609)
<b>Basic and diluted income (loss) per common share:</b>		
Shareholders	0.01	(0.09)
Non-controlling interest	(0.01)	-
<b>Weighted average common shares outstanding:</b>		
Basic	49,861,215	36,402,753
Diluted	49,861,215	36,402,753

See accompanying notes to the consolidated financial statements

## Sassy Gold Corp.

(formerly Sassy Resources Corporation)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended June 30, 2022	Year Ended June 30, 2021
	(\$)	(\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Income (loss) for the year	399,737	(3,142,609)
Items not affecting cash		
Change in fair value of marketable securities	(1,921,866)	-
Flow-through share premium recovery	(109,026)	(396,964)
Gain on option-out of exploration and evaluation asset	(1,401,043)	-
Loss on disposal of Rocky Island Gold	341,400	-
Share-based payments	1,151,940	1,646,194
Changes in non-cash working capital items:		
Sales tax receivable	(206,620)	(46,679)
Prepays	(49,117)	2,997
Accounts payable and accrued liabilities	(12,529)	(23,639)
	(1,807,124)	(1,960,700)
<b>INVESTING ACTIVITIES</b>		
Exploration advances	(330,322)	(96,745)
Exploration and evaluation expenditures	(5,560,973)	(3,964,164)
Deposits	(12,101)	(28,950)
Recoveries on exploration and evaluation assets	376,128	-
Proceeds from sale of Rocky Island Gold	200,000	-
	(5,327,268)	(4,089,859)
<b>FINANCING ACTIVITIES</b>		
Common shares issued for cash	-	6,481,964
Share issuance costs	(98,335)	(240,048)
Share purchase warrants exercised	484,687	1,831,175
Stock options exercised	402,500	157,500
Subscriptions received in advance	214,875	-
Gander Gold special warrants issued for cash	272,500	4,471,250
	1,276,227	12,701,841
Change in cash during the year	(5,858,165)	6,651,282
<b>Cash - beginning of year</b>	7,592,851	941,569
<b>Cash - end of year</b>	1,734,686	7,592,851

### Supplemental Cash Flow Information (Note 13)

See accompanying notes to the consolidated financial statements

## Sassy Gold Corp.

(formerly Sassy Resources Corporation)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share capital						Total Shareholder Equity	
	Number of Shares	Amount (\$)	Share Subscriptions (\$)	Reserves (\$)	Deficit (\$)	Total (\$)		
<b>Balance at June 30, 2020</b>	22,566,000	4,569,629	-	237,695	(1,266,493)	3,540,831	-	3,540,831
Common shares issued for cash	11,013,056	6,481,964	-	-	-	6,481,964	-	6,481,964
Common shares issued for property	5,050,000	3,168,000	-	-	-	3,168,000	-	3,168,000
Common shares issued - option exercise	525,000	273,803	-	(116,303)	-	157,500	-	157,500
Common shares issued - warrant exercise	7,727,200	1,854,508	-	(23,333)	-	1,831,175	-	1,831,175
Common shares issued - RSU exercise	250,000	145,000	-	(145,000)	-	-	-	-
Flow-through share premium	-	(480,390)	-	-	-	(480,390)	-	(480,390)
Share-based payments	-	-	-	1,646,194	-	1,646,194	-	1,646,194
Share issuance costs	-	(383,548)	-	143,500	-	(240,048)	-	(240,048)
Loss for the year	-	-	-	-	(3,142,609)	(3,142,609)	-	(3,142,609)
<b>Balance at June 30, 2021</b>	47,131,256	15,628,966	-	1,742,753	(4,409,102)	12,962,617	-	12,962,617
Common shares issued - warrant exercise	1,191,250	484,687	-	-	-	484,687	-	484,687
Common shares issued - RSU exercise	1,462,500	848,250	-	(848,250)	-	-	-	-
Common shares issued - option exercise	1,575,000	699,967	-	(297,467)	-	402,500	-	402,500
Common shares issued for property	4,510,000	1,535,150	-	-	-	1,535,150	-	1,535,150
Dividend of Gander Gold shares	-	(3,268,313)	-	1,122,741	-	(2,145,572)	511,213	(1,634,359)
Special Warrants issued by Gander Gold	-	-	-	1,609,293	-	1,609,293	3,134,457	4,743,750
Gander Gold shares issued for property	-	-	-	(288,766)	-	(288,766)	1,743,766	1,455,000
Gander Gold share issuance costs	-	-	-	-	-	-	(98,335)	(98,335)
Revaluation of dividends payable	-	750,923	-	-	-	750,923	-	750,923
Share-based payments	-	-	-	982,385	-	982,385	169,555	1,151,940
Subscriptions received in advance	-	-	214,875	-	-	214,875	-	214,875
Loss for the year	-	-	-	-	670,714	670,714	(270,977)	399,737
<b>Balance at June 30, 2022</b>	55,870,006	16,679,630	214,875	4,022,689	(3,738,388)	17,178,806	5,189,679	22,368,485

See accompanying notes to the consolidated financial statements



**SASSY GOLD CORP.**

(formerly Sassy Resources Corporation)

Notes to the Consolidated Financial Statements

Year Ended June 30, 2022

(Expressed in Canadian dollars)

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

Sassy Gold Corp. (formerly Sassy Resources Corporation) (the “Company”) was incorporated on June 3, 2019 under the Business Corporations Act (British Columbia). The Company is an exploration stage mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company’s registered and records office is located at suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6. The Company’s shares are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “SASY”.

These 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. The Company has no sources of revenue, ongoing losses and a deficit of \$3,971,486.

In March 2022, Gander Gold Corporation (“Gander Gold”) completed the listing of its shares on the Exchange and this resulted in the conversion of outstanding Special Warrants into additional common shares. The net effect of this event and other common share issuances during they year ended June 30, 2022 was the dilution of the ownership interest in Gander Gold (Note 12) by the parent entity (“Sassy”),

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s financial statements and such adjustments could be material. The above conditions may cast significant doubt on the Company’s ability to continue as a going concern.

**2. BASIS OF PREPARATION*****Statement of compliance***

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations from the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Company’s Board of Directors on October 28, 2022.

***Basis of measurement***

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information, and financial instruments classified as financial instruments at fair value through profit or loss, or fair value through other comprehensive loss which are stated at fair value.

**2. BASIS OF PREPARATION** (continued)

***Functional and Presentation Currency***

The functional currency of the Company and its non-wholly owned subsidiary, Gander Gold Corporation (“Gander Gold”) is the Canadian dollar, which is also the presentation currency of the financial statements.

***Basis of Consolidation***

These consolidated financial statements include the accounts of Gander Gold, which was incorporated on February 3, 2021 under the Business Corporations Act (BC).

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

***Use of Estimates and Judgments***

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

**Income taxes**

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

**Non-monetary transactions**

Assets exchanged or transferred in non-monetary transactions are measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable.

**SASSY GOLD CORP.**

(formerly Sassy Resources Corporation)

Notes to the Consolidated Financial Statements

Year Ended June 30, 2022

(Expressed in Canadian dollars)

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**2. BASIS OF PREPARATION (continued)**Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Valuation of marketable securities

The Company holds investments in both private and publicly listed companies. Accordingly, the Company uses all 3 levels of the fair value hierarchy to estimate the fair value of its marketable securities. Publicly listed entities are valued using the closing trade price on the date of the transaction and at period end. Private companies are valued at the most recently completed financing, if available. Warrants are valued using the Black-Scholes option-pricing model. A discount for lack of marketability is applied when shares in investments are restricted.

Valuation of dividends

The Company declared non-cash dividends payable in common shares of Gander Gold. The Company has valued the dividend payable using the closing price of Gander Gold common shares on the Exchange.

Significant judgments that management has made at the end of the reporting period are as follows:

Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Control over Gander Gold

The Company must consolidate the results of another entity when control exists over that entity. The determination of control requires judgment to be exercised when the ownership interest is less than 51%. Other qualitative factors must be considered including, but not limited to, special voting rights or board and management in common.

Going Concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

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

#### ***Income (loss) per share***

Basic income (loss) per share is calculated by dividing the income (loss) of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The calculation assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. For the period presented, this calculation proved to be anti-dilutive.

#### ***Exploration and evaluation assets***

Costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

#### ***Flow-through shares***

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statements of loss and comprehensive loss. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

#### ***Restoration provisions***

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

**SASSY GOLD CORP.**

(formerly Sassy Resources Corporation)

Notes to the Consolidated Financial Statements

Year Ended June 30, 2022

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company currently has no restoration obligations.

***Income taxes***

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the jurisdictions where the Company operates and generates taxable income.

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Share-based payments***

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized over the term of vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital. The value associated with expired options remains in reserves.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders the services.

**SASSY GOLD CORP.**

(formerly Sassy Resources Corporation)

Notes to the Consolidated Financial Statements

Year Ended June 30, 2022

(Expressed in Canadian dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)***Impairment of long-lived assets***

The carrying amount of the Company's assets is reviewed for indicators of impairment at each reporting date. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCD").

FVLCD is defined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company calculates FVLCD by reference to the after-tax future cash flows expected to be derived, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. If an impairment loss exists, then it is recorded as an expense immediately.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss cannot be reversed to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

***Financial instruments***

IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

**Financial assets**

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's financial assets consist of cash and marketable securities which have been classified as fair value through profit or loss. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial liabilities

The Company's financial liabilities consist of accounts payable and accrued liabilities which have been classified as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Leases*

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the statement of financial position a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized in profit or loss will be recognized on the statement of financial position.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

As at June 30, 2022 and 2021, the Company did not have any leases that would result in a right-of-use asset or lease liability.

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**4. MARKETABLE SECURITIES**

Name of Security	Carrying Value July 1, 2021	Additions	Unrealized Gain (Loss)	Fair Value June 30, 2022
	(\$)	(\$)	(\$)	(\$)
<b>Max Power Mining Corp. (MAXX.C)</b>	-	1,193,500	1,627,500	2,821,000
<b>Max Power Warrants</b> (not listed for trading)	-	207,543	294,366	501,909
<b>Galloper Gold Corp.</b> (private company)	-	880,000	-	880,000
	-	2,281,043	1,921,866	4,202,909

The Company received 8,000,000 common shares of Galloper Gold Corp (“Galloper”) pursuant to the Rocky Island transaction (Note 16). Galloper is a private company and accordingly, the Company valued its shareholdings at \$0.11 per share, the price of Galloper’s most recently completed equity financing. Galloper is a related party by virtue of common management.

The Company received 5,000,000 common shares of Max Power Mining Corp. (“Max Power”) pursuant to the Nicobat disposal agreement (Note 5). The common shares of Max Power are restricted and will be released to the Company in stages over 3 years. Accordingly, the Company has applied a discount for lack of marketability ranging from 0-20% on these common shares. The common shares are publicly listed on the Exchange.

The Company also received 1,000,000 common share purchase warrants of Max Power. These warrants are exercisable at \$0.25 per share for a period of three years. The warrants vest 25% initially, 25% 12 months from grant, and 25% every 6 months thereafter. The Company initially valued the warrants at \$93,500 using a Black-Scholes option-pricing model and recorded a gain on option of exploration and evaluation asset.

The assumptions used in the valuation of the warrants are noted in the table below:

Grant Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life	Expected Dividend Yield	Fair Value Per Option	Total Fair Value
		(%)	(%)	(yrs)	(%)	(\$)	(\$)
February 15, 2022	1,000,000	129	1.63	3.00	-	0.21	207,543
June 30, 2022	1,000,000	129	3.10	1.63	-	0.50	501,909



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**5. EXPLORATION AND EVALUATION ASSETS****Foremore Property, British Columbia**

In connection with the Arrangement the Company took assignment of a binding letter of intent (“LOI”) dated June 24, 2019 (the “Effective Date”), as amended on November 12, 2019, which provides an exclusive option to acquire a 100% ownership interest in 35 mineral claims located in the Eskay Creek district of British Columbia (the “Foremore Property”).

Pursuant to the LOI, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon completion of the Arrangement (issued)	250,000	-	-
On or before August 13, 2020 (issued and paid)	250,000	50,000	150,000
On or before August 13, 2021 (amended)	250,000	66,667	150,000
On or before August 13, 2022 (amended)	250,000	66,667	300,000
On or before August 13, 2023 (amended)	250,000	66,667	300,000
On or before August 13, 2024 (amended)	-	-	300,000
<b>Total</b>	<b>1,250,000</b>	<b>250,001</b>	<b>1,200,000</b>

The vendor of the property will retain a 3% net smelter return (“NSR”) royalty upon the Company completing its obligations under the LOI. The Company has the right to purchase back the NSR of 2% for a cash payment of \$2,000,000 and an additional 0.5% for a cash payment of \$1,000,000. Upon the fifth anniversary of the Effective Date, the Company is required to commence payment of an annual advanced royalty of \$20,000 until such time as the Company elects to purchase the NSR. At that point the cumulative advanced royalties paid will be deducted from the NSR purchase price disclosed above.

The Company posted a \$32,000 reclamation program security deposit with the Ministry of Energy, Mines and Petroleum Resources in connection with the Foremore Property exploration program.

In November 2020, the Company entered into an amending agreement wherein the Company made a final cash payment of \$175,000 and issued 750,000 common shares to the vendor of the Foremore Property and acquired a 100% ownership, subject the aforementioned NSR, of the Foremore property.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)****Gander Properties, Newfoundland**Gander North/Gander South/Hermitage/Little River

On February 11, 2021, the Company entered into an agreement (the “Vulcan Agreement”) with Vulcan Minerals Inc. (“Vulcan”) dated February 11, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Gander North”, “Gander South Property”, the “Little River Property” and the “Hermitage Property”). On February 28, 2021, the Company assigned the Vulcan Agreement to Gander Gold.

Pursuant to the Vulcan Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,000,000	100,000	-
On or before February 11, 2022 (issued, paid and incurred)	300,000	50,000	200,000
On or before February 11, 2023	300,000	50,000	400,000
On or before February 11, 2024	400,000	100,000	600,000
On or before February 11, 2025	500,000	100,000	800,000
<b>Total</b>	<b>2,500,000</b>	<b>400,000</b>	<b>2,000,000</b>

The Company also reimbursed Vulcan for a refundable staking deposit totaling \$28,950 which is posted with government of Newfoundland and Labrador.

Vulcan will retain a 3% net smelter return (“NSR”) royalty upon the Company completing its obligations under the Vulcan Agreement. The Company has the right to purchase back one half of the NSR (1.5%) for a cash payment of \$2,000,000 and the issuance of 500,000 common shares of the Company.

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**5. EXPLORATION AND EVALUATION ASSETS** (continued)**Gander Properties, Newfoundland** (continued)Gander North/Carmanville

On March 12, 2021, as amended on April 7, 2021, the Company entered into agreement (the “Gander North Agreement”) with Wildwood Exploration Inc. (“Wildwood”) which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Gander North Property” and the “Carmanville Property”).

Pursuant to the Gander North Agreement, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,000,000	154,275	-
On or before November 15, 2021 (incurred)	-	-	275,000
On or before March 12, 2022 (issued and paid)	500,000	50,000	-
On or before April 7, 2022 (issued)	250,000	-	-
On or before November 15, 2022	-	-	335,000
On or before March 12, 2023	500,000	100,000	-
On or before April 7, 2023	250,000	-	-
On or before November 15, 2023	-	-	400,000
On or before March 12, 2024	500,000	100,000	-
On or before April 7, 2024	250,000	-	-
On or before November 15, 2024	-	-	750,000
On or before March 12, 2025	500,000	100,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
<b>Total</b>	<b>4,500,000</b>	<b>654,275</b>	<b>2,760,000</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Gander North Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

The Gander North Agreement was assigned to Gander Gold on May 31, 2021 and accordingly all future cash and share payments as well as exploration expenditures are the responsibility of Gander Gold.

Upon completion of its public listing on the CSE, Gander Gold issued an additional 500,000 common shares to Wildwood valued at \$175,000.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)****Gander Properties, Newfoundland (continued)**Cape Ray

On March 12, 2021, as amended on April 7, 2021, the Company entered into agreement (the “Cape Ray Agreement”) with Wildwood which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (the “Cape Ray Property”).

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	500,000	87,455	-
On or before November 15, 2021 (incurred)	-	-	100,000
On or before March 12, 2022 (issued and paid)	250,000	35,000	-
On or before April 7, 2022 (issued)	250,000	-	-
On or before November 15, 2022	-	-	120,000
On or before March 12, 2023	500,000	50,000	-
On or before November 15, 2023	-	-	150,000
On or before March 12, 2024	500,000	75,000	-
On or before November 15, 2024	-	-	430,000
On or before March 12, 2025	750,000	75,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	130,000	-
<b>Total</b>	<b>3,500,000</b>	<b>452,455</b>	<b>1,800,000</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Cape Ray Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

The Cape Ray Agreement was assigned to Gander Gold on May 31, 2021 and accordingly all future cash and share payments as well as exploration expenditures are the responsibility of Gander Gold.

Upon completion of its public listing on the CSE, Gander Gold issued an additional 500,000 common shares to Wildwood valued at \$175,000.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)****Gander Properties, Newfoundland (continued)**Mount Peyton/BLT

On March 12, 2021, as amended on May 12, 2021, the Company entered into an agreement (the “Thwart Island Agreement”) with Wildwood which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (known as the “Mount Peyton Property” and the “BLT Property”).

<b>Date</b>	<b>Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
		<b>(\$)</b>	<b>(\$)</b>
Upon execution of the Agreement (issued and paid)	1,250,000	331,320	-
On or before November 15, 2021 (incurred)	-	-	140,000
On or before January 15, 2022 (incurred)	-	-	700,600
On or before March 12, 2022 (issued and paid)	1,250,000	75,000	-
On or before November 15, 2022	-	-	160,000
On or before March 12, 2023	1,250,000	100,000	-
On or before November 15, 2023	-	-	200,000
On or before March 12, 2024	1,250,000	100,000	-
On or before November 15, 2024	-	-	500,000
On or before March 12, 2025	1,250,000	125,000	-
On or before November 15, 2025	-	-	1,000,000
On or before March 12, 2026	750,000	150,000	-
<b>Total</b>	<b>7,000,000</b>	<b>881,320</b>	<b>2,700,600</b>

Wildwood will retain a 2.5% NSR royalty upon the Company completing its obligations under the Thwart Island Agreement. The Company has the right to purchase that portion of the NSR equal to 1% for a cash payment of \$2,500,000.

The Thwart Island Agreement was assigned to Gander Gold on May 31, 2021 and accordingly all future cash and share payments as well as exploration expenditures are the responsibility of Gander Gold.

Upon completion of its public listing on the CSE, Gander Gold issued an additional 500,000 common shares to Wildwood valued at \$175,000.

As at June 30, 2022, the Company has advanced \$355,000 for future exploration work on its Gander Properties.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)****Highrock Uranium Property, Saskatchewan**

On February 7, 2022, as amended on July 21, 2022, the Company entered into a definitive option agreement with Forum Energy Metals Corp. (“Forum”) wherein the Company can acquire a 100% interest in the Highrock uranium project in Saskatchewan.

The terms of the option agreement include:

- a) An initial 20% interest can be acquired through the payment of \$100,000 cash (paid) and the issuance of 250,000 common shares (issued at a fair value of \$113,750) on execution of the agreement. The Company must also incur \$1,000,000 in exploration expenditures during 2022. The Company has already advanced \$300,000 towards the completion of this program.
- b) An additional 31% interest can be acquired through the issuance of 150,000 common shares on or before January 2, 2023. The Company must also incur \$1,000,000 in exploration expenditures during 2023.
- c) An additional 19% interest can be acquired through the issuance of 150,000 common shares on or before January 2, 2024. The Company must also incur \$1,000,000 in exploration expenditures during 2024.
- d) The remaining 30% interest can be acquired through the payment of \$150,000 cash and the issuance of 3,000,000 common shares on or before December 31, 2025.
- e) Forum retains a 1% NSR on the Highrock uranium property, half of which can be purchased by the Company for a cash payment of \$1,000,000. In addition, a 1% NSR exists on the north claim and is shared by third parties, half of which may be purchased for a cash payment of \$1,000,000. Finally, a 2% NSR on the south claim is held by a third party.

**Nicobat Property, Ontario**

The Nicobat Property consists of non-contiguous mineral claims located in the Rainy River district of Ontario. The property is subject to a 2% NSR, 1% of which may be purchased for a cash payment of \$1,000,000.

On April 23, 2021, the Company entered into an agreement (“Max Power Agreement”) to dispose of the Nicobat Property to privately held Max Power. Pursuant to the Max Power Agreement, Max Power can earn a 100% interest in the Nicobat Property by incurring \$1,000,000 in exploration expenditures on the property over a four year period and issuing 5,000,000 common shares to the Company. The shares are released to the Company in stages over a three year period (4,500,000 currently remain in escrow) from the date of listing of Max Power on the CSE on February 16, 2022 (Note 4). In addition, the Company received 1,000,000 share purchase warrants in Max Power which are exercisable at \$0.25 until February 15, 2024 (Note 4). Finally, the Company will retain a 1% net smelter return royalty on the Nicobat Property, which may be purchased by Max Power at any time for a cash payment of \$1,000,000.

As a result of the above disposal, the Company recognized a gain on option-out of exploration and evaluation asset of \$1,401,043 in the statement of profit and loss.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)****Summary of Exploration Expenditures**

	<b>Foremore Property</b>	<b>Gander Properties</b>	<b>High Rock Property</b>	<b>Total</b>
	(\$)	(\$)	(\$)	(\$)
<b>Acquisition Costs:</b>				
Balance, June 30, 2020	2,587,500	-	-	2,587,500
Additions	847,500	3,193,550	-	4,041,050
Balance, June 30, 2021	3,435,000	3,193,550	-	6,628,550
Additions	-	1,665,000	213,750	1,878,750
Balance, June 30, 2022	3,435,000	4,858,550	213,750	8,507,300
<b>Exploration Costs:</b>				
Balance, June 30, 2020	111,821	-	-	111,821
Assays	169,406	-	-	169,406
Consulting	793,462	810	-	794,272
Drilling	465,540	-	-	465,540
Expediting	49,058	-	-	49,058
Field and office supplies	342,973	-	-	342,973
Geophysics	261,346	-	-	261,346
Helicopter support	968,374	-	-	968,374
Permitting	23,740	-	-	23,740
Reports	11,700	-	-	11,700
Sampling	-	188,100	-	188,100
Balance, June 30, 2021	3,197,420	188,910	-	3,386,330
Assays	114,554	50,388	-	164,942
Mining tax recovery	(316,128)	-	-	(316,128)
Consulting	854,790	354,895	140,991	1,350,676
Drilling	521,935	-	321,913	843,848
Expediting	21,443	-	-	21,443
Field and office supplies	120,183	53,345	463,326	636,854
Geophysics	90,277	1,229,190	-	1,319,467
Helicopter support	656,527	223,749	-	880,276
Permitting	250	12,075	-	12,325
Provincial mining rebate	-	(60,000)	-	(60,000)
Reports	6,337	61,295	-	67,632
Sampling	-	1,596,540	-	1,596,540
Balance, June 30, 2022	5,267,588	3,710,387	926,230	9,904,205
<b>Total Costs:</b>				
Balance, June 30, 2021	6,632,420	3,382,460	-	10,014,880
Balance, June 30, 2022	8,702,588	8,568,937	1,139,980	18,411,505

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	(\$)	(\$)
Trade payables	1,833,474	291,878
Related party payables (Note 8)	671	10,500
Accrued liabilities	61,667	35,000
	<u>1,895,812</u>	<u>337,378</u>

**7. OTHER LIABILITIES**

During the year ended June 30, 2021, the Company issued 1,936,301 flow-through shares which resulted in a flow-through share premium of \$480,390. The requisite expenditures were incurred and renounced to allow for the recording of a flow-through share premium recovery of \$371,364 on the statement of loss for the year ended June 30, 2021. The remaining balance of \$109,026 was recorded as a flow-through share premium liability at June 30, 2021.

During the year ended June 30, 2021, the Company realized a recovery of \$25,600 for previously issued flow through shares that were incurred and renounced.

During the year ended June 30, 2022, all of the remaining requisite expenditures were incurred and renounced to allow for the recording of a flow-through share premium recovery of \$109,026 on the consolidated statement of income (loss).

**8. 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. The remuneration of directors and other members of key management personnel during the year ended June 30, 2022 and 2021 is as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	(\$)	(\$)
Consulting fees	100,000	60,000
Geological consulting	148,697	203,500
Management fees	306,667	250,000
Professional fees	130,000	76,500
Share-based payments	1,113,766	1,233,751
	<u>1,799,130</u>	<u>1,823,751</u>

As at June 30, 2022, a total of \$671 (June 30, 2021 - \$10,500) was included in accounts payable and accrued liabilities owing to directors and officers of the Company.



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**8. RELATED PARTY TRANSACTIONS (continued)**

On November 22, 2021, the Company completed a debt settlement agreement with Gander Gold wherein the Company received 8,831,500 common shares of Gander Gold at \$0.30 per share in order to extinguish an outstanding loan totalling \$2,649,450

Through a series of transactions during the year ended June 30, 2022, the Company completed the purchase of mining claims in Newfoundland in exchange for 4,260,000 common shares of the Company at a fair value of \$1,421,400 and \$500,000 in cash. These claims were sold, through a wholly-owned subsidiary, to Galloper, a private corporation that shares an officer in common, for 8,000,000 common shares of Galloper Gold valued at \$880,000 and \$700,000 in cash (Note 15).

**9. SHARE CAPITAL AND RESERVES*****Authorized share capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value.

***Issued share capital*****Year ended June 30, 2022**

On April 19, 2022 and June 1, 2022, respectively, the Company issued 4,260,000 common shares in connection with the acquisition of mineral claims in Newfoundland that were subsequently sold to Galloper (Notes 8 and 15).

On February 8, 2022, the Company issued 250,000 common shares valued at \$113,750 pursuant to the Highrock Agreement (Note 5).

During the year ended June 30, 2022, the Company issued 1,462,500 common shares pursuant to the exercise of RSUs. The fair value of the RSUs was determined to be \$848,250, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2022, the Company issued 1,575,000 common shares pursuant to the exercise of stock options for gross proceeds of \$402,500. The fair value of the options was determined to be \$297,467, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2022, the Company issued 1,191,250 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$484,687.

**9. SHARE CAPITAL AND RESERVES (continued)**

Year ended June 30, 2021

On July 28, 2020, Company completed a non-brokered private placement and issued 6,014,461 units at \$0.30 per unit for gross proceeds of \$1,804,338. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional share at \$0.50 for a period of 30 months. The Company paid cash finder's fees of \$35,280 and issued 117,600 finder's warrants valued at \$16,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.50 on or before January 28, 2023.

On July 28, 2020, Company completed a non-brokered private placement and issued 502,500 flow through units at \$0.40 per unit for gross proceeds of \$201,000. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.55 for a period of 30 months. The Company paid cash finder's fees of \$11,620 and issued 29,050 finder's warrants valued at \$3,800. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.55 on or before January 28, 2023.

On August 19, 2020, the Company issued 250,000 common shares valued at \$130,000 in accordance with the Foremore Property acquisition agreement (Note 5).

On October 22, 2020 and November 2, 2020, the Company completed a non-brokered private placement in two tranches and issued an aggregate of 3,062,294 units at \$0.90 per unit for gross proceeds of \$2,756,065. Each unit is comprised of a common share and one half of a share purchase warrant. Each whole warrant entitles the holder to acquire an additional share at \$1.25 for a period of 24 months. The Company paid cash finder's fees of \$109,152 and issued 80,804 finder's warrants valued at \$57,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.90 for a period of 24 months.

On October 22, 2020 and November 2, 2020, Company completed a non-brokered private placement in two tranches and issued an aggregate of 1,433,801 flow through units at \$1.20 per unit for gross proceeds of \$1,720,561. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$1.50 for a period of 24 months. The Company paid cash finder's fees of \$77,350 and issued 94,815 finder's warrants valued at \$65,900. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$1.20 for a period of 24 months.

On November 19, 2020, the Company issued 750,000 common shares valued at \$517,500 in accordance with the amended Foremore Property acquisition agreement (Note 5).

On February 18, 2021, the Company issued 1,000,000 common shares valued at \$620,000 in accordance with the Newfoundland Property option agreement (Note 5).

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**9. SHARE CAPITAL AND RESERVES (continued)**

On April 26, 2021, the Company issued 250,000 common shares pursuant to the exercise of RSUs. The fair value of the RSUs was determined to be \$145,000, and accordingly the amount has been transferred from reserves to share capital.

In May 2021, the Company issued 2,750,000 common shares valued at \$1,717,500 in accordance with the Wildwood Agreements (Note 5). The Company also issued 300,000 common shares valued at \$183,000 as a finder's fee in connection with the Wildwood Agreements.

During the year ended June 30, 2021, the Company issued 7,574,750 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$1,790,437.

During the year ended June 30, 2021, the Company issued 152,450 common shares pursuant to the exercise of finders' warrants for gross proceeds of \$40,738. The fair value of the finders' warrants was determined to be \$23,333, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2021, the Company issued 525,000 common shares pursuant to the exercise of stock options for gross proceeds of \$157,500. The fair value of the options was determined to be \$116,303, and accordingly the amount has been transferred from reserves to share capital.

During the year ended June 30, 2021, the Company incurred other share issuance costs of \$6,646.

***Stock options***

The Company has rolling incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company unless otherwise approved by the Board of Directors.

In May 2020, the Company granted 1,800,000 incentive stock options that are exercisable at \$0.25 per share until May 29, 2025. The options have different vesting terms, and the Company recorded share-based payments of \$213,795 during the year ended June 30, 2020. The remaining balance vested during the year ended June 30, 2021, and the Company recorded an additional \$118,805.

In July 2020, the Company granted 850,000 incentive stock options that are exercisable at \$0.30 per share until July 28, 2025. The options all vested immediately, and the Company recorded share-based payments of \$188,300 during the year ended June 30, 2021.

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**9. SHARE CAPITAL AND RESERVES (continued)**

In August 2020, the Company granted 200,000 incentive stock options that are exercisable at \$0.57 per share until August 28, 2025. The options all vested immediately, and the Company recorded share-based payments of \$84,200 during the year ended June 30, 2021.

In November 2020, the Company granted 250,000 incentive stock options that are exercisable at \$1.00 per share until November 20, 2025. The Company recorded share-based payments of \$155,300 during the year ended June 30, 2021.

In May 2021, the Company granted 100,000 incentive stock options that are exercisable at \$0.71 per share until May 20, 2025. The options all vested on October 1, 2021, and the Company recorded share-based payments of \$54,900 during the year ended June 30, 2021.

In June 2021, the Company granted 200,000 incentive stock options that are exercisable at \$0.75 per share until June 25, 2026. The option vest over a six month period, and the Company recorded share-based payments of \$41,425 during the year ended June 30, 2021.

During the year ended June 30, 2022, the Company recognized \$38,174 in share-based payments expense for the above options granted in fiscal 2021 that vested in fiscal 2022.

A continuity schedule of the Company's stock options is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
		(\$)
Balance, June 30, 2020	1,800,000	0.25
Exercised	(525,000)	0.30
Issued	1,600,000	0.53
Balance, June 30, 2021	2,875,000	0.39
Exercised	(1,575,000)	0.26
Expired	(50,000)	0.25
Balance, June 30, 2022	1,250,000	0.57

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**9. SHARE CAPITAL AND RESERVES (continued)**

The following table summarizes the stock options outstanding as at June 30, 2022:

<b>Expiry Date</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (yrs)</b>
June 25, 2023	200,000	200,000	0.75	0.99
May 29, 2025	350,000	350,000	0.25	2.92
July 28, 2025	150,000	150,000	0.30	3.08
August 25, 2025	200,000	200,000	0.57	3.16
November 20, 2025	250,000	250,000	1.00	3.39
May 20, 2026	100,000	100,000	0.71	3.89
	1,250,000	1,250,000	0.57	2.84

***Gander Gold Options***

During the year ended June 30, 2022, Gander Gold issued 3,450,000 incentive stock options to directors and officers. The options are exercisable at \$0.25 for a period of five years. The Company recorded \$638,149 in share-based payments expense for Gander Gold options granted and vested. The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below:

<b>Grant Date</b>	<b>Number of Share Options</b>	<b>Expected Price Volatility (%)</b>	<b>Risk Free Interest Rate (%)</b>	<b>Expected Life (yrs)</b>	<b>Expected Dividend Yield (%)</b>	<b>Fair Value Per Option (\$)</b>	<b>Total Fair Value (\$)</b>
November 1, 2021	2,400,000	112	1.50	5.00	-	0.20	444,572
November 15, 2021	700,000	112	1.50	5.00	-	0.20	129,233
December 1, 2021	350,000	112	1.50	5.00	-	0.20	64,344

**9. SHARE CAPITAL AND RESERVES (continued)**

***RSUs***

The Company has a rolling Restricted Share Unit (“RSU”) plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Vesting provisions as well as method of settlement (ie. cash or common shares) are determined by the Board of Directors of the Company. The maximum number common shares reserved for issuance to any one RSU holder will not exceed five percent (5%) of the issued and outstanding common shares. Any unvested RSUs are immediately forfeited following cessation of the RSU holder’s position with the Company unless otherwise approved by the Board of Directors.

On February 26, 2021, the Company granted 2,600,000 RSUs that vest at various times through July 1, 2022. During the year ended June 30, 2022, the Company recorded share-based payments of \$475,617 (2021 - \$1,003,264) associated with the RSUs.

The continuity of the Company's RSUs is as follows:

	<b>Number of RSUs</b>
Balance, June 30, 2020	-
Issued	2,600,000
Exercised	(250,000)
Expired	(150,000)
Balance, June 30, 2021	2,200,000
Exercised	(1,462,500)
<b>Balance, June 30, 2022</b>	<b>737,500</b>

As at June 30, 2022 there are 737,500 RSUs outstanding that expire December 31, 2024.

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**9. SHARE CAPITAL AND RESERVES (continued)**

*Warrants*

A continuity schedule of the Company's share purchase warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
		(\$)
Balance, June 30, 2020	10,752,720	0.28
Issued	8,836,030	0.72
Exercised	(7,727,200)	0.24
Balance, June 30, 2021	11,861,550	0.64
Exercised	(1,191,250)	0.41
Balance, June 30, 2022	10,670,300	0.67

The following table summarizes the share purchase warrants outstanding as at March 31, 2022:

<b>Expiry Date</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life</b>
		(\$)	(yrs)
October 22, 2022 *	1,619,798	1.35	0.31
November 2, 2022 *	803,871	1.25	0.34
November 21, 2022	3,103,100	0.45	0.39
November 29, 2022	270,920	0.47	0.41
January 28, 2023	4,872,611	0.50	0.58
	10,670,300	0.67	0.46

\* subject to an acceleration provision wherein if the trading price of the Company's common shares is \$1.75 or greater during any ten consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants.

The finder's warrants and stock options issued during the year ended June 30, 2021 were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

<b>Warrants</b>		<b>Options</b>	
Risk-free interest rate	0.27%	Risk-free interest rate	0.38%
Expected life of warrants	2.00 yr	Expected life of options	4.56 yr
Volatility	149%	Volatility	111%
Expected dividend yield	Nil	Expected dividend yield	Nil
Forfeiture rate	Nil	Forfeiture rate	Nil
Weighted average fair value	\$0.45	Weighted average fair value	\$0.35

## **10. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to risk is on its cash. The Company holds its cash in substantial financial institutions to mitigate risk. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

### ***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 prepares general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

The Company's main source of funding has been through the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. The Company is exposed to liquidity risk.

### ***Price risk***

The Company is exposed to price risk with respect to 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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. A 10% fluctuation in equity prices would impact profit or loss by approximately \$370,000.

### ***Commodity risk***

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for gold and silver are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the year ended June 30, 2022.

### ***Interest rate risk***

Interest rate risk is the risk that the fair value of 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.



**10. FINANCIAL RISK MANAGEMENT** (continued)

*Foreign exchange risk*

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

*Classification of financial instruments*

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

<b>Financial Assets:</b>	<b>Measurement Level</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
Cash	Level 1	\$1,734,686	\$7,592,851
Max Power Shares	Level 1	2,821,000	-
Galloper Shares	Level 2	880,000	-
Max Power Warrants	Level 3	501,909	-

Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximate the carrying amount due to their short term to maturity. The effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

*Capital Management*

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its 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 its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended June 30, 2022.

**11. SEGMENTED INFORMATION**

The Company operates in one reportable operating segments being the acquisition, exploration and evaluation of mineral resources properties.

The Company operates in one geographic segment located in Canada.

**12. NON-CONTROLLING INTERESTS**

On October 19, 2021, the Company declared a dividend to the Company's shareholders consisting of 8,833,280 common shares of Gander Gold. The dividend payable was valued at \$3,268,313 based on the fair value of the Gander Gold shares on the date of dividend declaration.

In February 2022, Gander Gold converted 27,231,665 special warrants at a value of \$4,743,750 into common shares of Gander Gold, resulting in a dilution event for the Company, creating a non-controlling interest ("NCI") on initial dilution of \$3,134,457 with the remaining \$1,609,293 recorded within equity.

In February and April, 2022, Gander Gold also issued 1,800,000 common shares, and 2,500,000 common shares, respectively, of Gander Gold on the acquisition of exploration and evaluation assets at a fair value of \$1,455,000 resulting in additional NCI of \$1,743,766 with the remaining \$288,766 recorded within equity.

Gander Gold incurred \$98,335 in share issuance costs associated with the above transactions, recognized as NCI by Sassy in the statement of shareholders' equity.

On March 8, 2022, the Company distributed 4,416,093 common shares of Gander Gold on a pro rata basis to its shareholders as a return of capital dividend. Accordingly, the Company settled \$1,633,954 of the dividend payable and realized additional NCI of \$511,213 with the remaining \$1,122,741 recorded within equity.

The above transactions resulted in the reduction of the Company's ownership in Gander Gold from 100% down to 52.51% as at June 30, 2022.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	(\$)	(\$)
<b>Non-cash investing and financing activities:</b>		
Exploration and evaluation expenditures accrued through accounts payable and accrued liabilities	1,801,425	230,462
Issuance of finders warrants as share issuance costs	-	143,500
Issuance of common shares of Gander Gold for exploration and evaluation assets	1,455,000	-
Dividend declared through share capital	3,268,313	-
Dividend paid	1,633,954	-
Dividend revaluation through share capital	750,923	-
Receipt of common shares of Galloper in connection with disposal of Rocky Island Gold	880,000	-
Shares issued for exploration and evaluation assets	1,535,150	3,168,000
Special warrants converted into common shares of Gander Gold	4,743,750	-
Transfer from reserves to share capital in connection with exercise of RSUs	848,250	145,000
Transfer from reserves to share capital in connection with exercise of share purchase warrants	-	23,333
Transfer from reserves to share capital in connection with exercise of stock options	297,467	116,303
<b>Interest paid during the year</b>	-	-
<b>Income taxes paid during the year</b>	-	-

**14. COMMITMENTS**

Under the terms of their management agreements, the CEO, CFO and VP of Exploration of the Company are entitled to between twelve and twenty-four months of base pay in the event of their agreement being terminated in connection with a change of control of the Company.

**15. INCOME TAX**

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Income (loss) before income taxes	399,737	(3,142,609)
Canadian federal and provincial income tax rates	<u>27.00%</u>	<u>27.00%</u>
Income tax (recovery) expense based on the above rates	108,000	(849,000)
Increase (decrease) due to:		
Adjustment to prior years' provision versus statutory returns	-	25,000
Change in statutory tax rates and other items	3,000	(22,000)
Impact of flow-through shares	-	401,000
Permanent differences	(310,000)	337,000
Tax effect of tax losses and temporary differences not recognized	<u>199,000</u>	<u>108,000</u>
Income tax (recovery) expense	<u>-</u>	<u>-</u>

The components of deferred income taxes are as follows:

	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
<i>Deferred income tax assets (liabilities)</i>		
Non-capital losses	1,484,000	724,000
Allowable capital losses	90,000	44,000
Exploration and evaluation assets	(730,000)	(425,000)
Marketable securities	(287,000)	-
Share issuance costs	<u>46,000</u>	<u>61,000</u>
Total deferred income tax assets	603,000	404,000
Unrecognized deferred tax asset	<u>(603,000)</u>	<u>(404,000)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

In assigning the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carryforwards and share issuance costs of approximately \$5,498,000 and \$169,000, respectively, that may be available for tax purposes, expiring in 2042 and 2046, respectively.

The Company also has allowable capital losses of \$334,000 (2021 - \$163,000) without an expiry date.

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**16. ROCKY ISLAND GOLD TRANSACTIONS**

On April 4, 2022, the Company acquired 100% of the common shares of Rocky Island Gold Corp. ("RIG"), a private mining company holding certain mineral claims in Newfoundland, in exchange for \$250,000 in cash and the issuance of 1,260,000 common shares valued at \$491,400 (Note 9). Pursuant to IFRS 2, the transaction was treated as an asset acquisition. The purchase price was allocated as follows:

Consideration:	(\$)
Cash	250,000
1,260,000 common shares	491,400
	<u>741,400</u>

RIG Assets:	
Exploration and evaluation assets	<u>741,400</u>

The Company subsequently acquired additional claims in Newfoundland in exchange for \$250,000 in cash and the issuance of 3,000,000 common shares valued at \$930,000 (Note 9). The claims were registered in the name of RIG.

On June 16, 2022, the Company disposed of all of its investment in RIG to Galloper exchange for \$700,000 in cash and 8,000,000 common shares of Galloper valued at \$880,000 (Note 4). The Company reported a loss on disposal of investment of \$341,400 during the year ended June 30, 2022.

**17. SUBSEQUENT EVENTS**

Subsequent to June 30, 2022:

- a) the Company completed a non-brokered private placement financing wherein it issued 18,640,566 common shares at \$0.195 per share, for aggregate proceeds of \$3,634,910. In connection with the financing, the Company paid a total of \$64,833 in cash and issued 332,474 finders' warrants that are exercisable for 12 months at \$0.195 per share.
- b) Gander Gold completed a non-brokered private placement financing wherein it issued 12,883,329 common shares, consisting of 2,982,962 charitable flow through shares at \$0.38 per share, 4,833,442 flow through shares at \$0.31 per share and 5,066,925 common shares at \$0.27 per share, for aggregate proceeds of \$3,999,962. In connection with the financing, Gander Gold paid a total of \$228,542 in cash and issued 701,742 finders' warrants that are exercisable for 12 months at the issue price of the underlying security issued. Sassy did not participate in this financing and accordingly, its ownership interest was further diluted.
- c) the Company completed a dividend distribution of 4,417,187 common shares of Gander Gold to its shareholders of record on February 1, 2022.
- d) a total of 1,619,798 share purchase warrants expire without being exercised (Note 9).