



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**THREE MONTH PERIOD ENDED  
SEPTEMBER 30, 2022**

(Expressed in Canadian Dollars)

(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# Gander Gold Corporation

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

As at

	<b>September 30, 2022</b>	<b>June 30, 2022</b>
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	2,814,339	702,743
Prepays	71,356	23,750
Sales tax receivable	85,337	252,761
	2,971,032	979,254
<b>Deposit</b> (Note 4)	28,950	28,950
<b>Exploration advance</b>	238,686	355,000
<b>Exploration and evaluation assets</b> (Note 4)	9,148,110	8,568,937
	12,386,778	9,932,141
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 5 and 7)	62,656	1,169,729
Other liabilities (Note 6)	521,464	-
Loan payable (Note 7)	16,691	-
	600,811	1,169,729
<b>Shareholders' equity</b>		
Share capital (Note 8)	12,512,337	9,365,359
Reserves (Note 8)	775,050	638,149
Deficit	(1,501,420)	(1,241,096)
	11,785,967	8,762,412
	12,386,778	9,932,141

Nature of Operations and Going Concern (Note 1)

Commitments (Note 12)

Subsequent Event (Note 13)

On behalf of the Board:

"Stephanie Hart"  
Director

"Richard Savage"  
Director

See accompanying notes to the condensed interim financial statements

## Gander Gold Corporation

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended September 30, 2022</b>	<b>Three Month Period Ended September 30, 2021</b>
	(\$)	(\$)
<b>EXPENSES</b>		
Consulting fees (Note 7)	49,900	20,080
General and administrative	36,575	1,165
Interest income	(1,886)	(2,662)
Investor relations	17,645	20,581
Management fees (Note 7)	45,000	-
Professional fees (Note 7)	40,884	24,764
Share-based payments (Notes 7 and 8)	49,501	-
Transfer agent and filing fees	22,705	-
<b>Loss and comprehensive loss</b>	<b>(260,324)</b>	<b>(63,928)</b>
<b>Basic and diluted loss per share:</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average common shares outstanding:</b>		
Basic and Diluted	76,393,902	35,330,556

See accompanying notes to the condensed interim financial statements

## Gander Gold Corporation

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Share capital</b>				
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
		(\$)	(\$)	(\$)	(\$)
<b>Balance at July 1, 2021</b>	35,330,556	529,958	4,471,250	(25,152)	4,976,056
Special warrants issued for cash	-	-	272,500	-	272,500
Loss for the period	-	-	-	(63,928)	(63,928)
<b>Balance at September 30, 2021</b>	35,330,556	529,958	4,743,750	(89,080)	5,184,628
Cancellation of common shares	(17,107,125)	(256,607)	-	-	(256,607)
Common shares re-issued	17,107,125	342,143	-	-	342,143
Common shares issued to settle debt	8,831,500	2,649,450	-	-	2,649,450
Common shares issued on conversion of Special Warrants	27,231,665	4,743,750	(4,743,750)	-	-
Common shares issued for property payments	4,300,000	1,455,000	-	-	1,455,000
Share issuance costs	-	(98,335)	-	-	(98,335)
Stock options vested	-	-	638,149	-	638,149
Loss for the period	-	-	-	(1,152,016)	(1,152,016)
<b>Balance at June 30, 2022</b>	75,693,721	9,365,359	638,149	(1,241,096)	8,762,412
Common shares issued for cash	12,883,329	3,999,963	-	-	3,999,963
Flow through share premium liability	-	(521,464)	-	-	(521,464)
Share issuance costs - cash	-	(244,121)	-	-	(244,121)
Share issuance costs - finders' warrants	-	(87,400)	87,400	-	-
Stock options vested	-	-	49,501	-	49,501
Loss for the period	-	-	-	(260,324)	(260,324)
<b>Balance at September 30, 2022</b>	88,577,050	12,512,337	775,050	(1,501,420)	11,785,967

See accompanying notes to the condensed interim financial statements

# Gander Gold Corporation

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended September 30, 2022	Three Month Period Ended September 30, 2021
	(\$)	(\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(260,324)	(63,928)
Items not affecting cash		
Interest income	(1,886)	(2,662)
Share-based payments	49,501	-
Changes in non-cash working capital items:		
Prepays	(47,606)	-
Sales tax receivable	167,424	(117,006)
Accounts payable and accrued liabilities	(181,258)	9,981
	(274,149)	(173,615)
<b>INVESTING ACTIVITIES</b>		
Exploration advance	116,314	(372,632)
Exploration and evaluation expenditures	(1,504,988)	(969,736)
Interest received	1,886	2,662
	(1,386,788)	(1,339,706)
<b>FINANCING ACTIVITIES</b>		
Common shares issued - cash	3,999,963	-
Loan from Sassy Gold Corp.	16,691	-
Share issuance costs - cash	(244,121)	-
Special warrants issued - cash	-	272,500
	3,772,533	272,500
Change in cash during the period	2,111,596	(1,240,821)
<b>Cash - beginning of period</b>	702,743	4,423,311
<b>Cash - end of period</b>	2,814,339	3,182,490

## Supplemental Cash Flow Information (Note 11)

See accompanying notes to the condensed interim financial statements

## **GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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

Gander Gold Corporation (the "Company") was incorporated on February 3, 2021 under the Business Corporations Act (British Columbia). The Company was spun-out of Sassy Gold Corp. ("Sassy"), a publicly traded corporation on the Canadian Securities Exchange ("CSE") under the trading symbol CSE:SASY. 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.

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. The Company has no sources of revenue and a deficit of \$1,501,420.

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 about the Company's ability to continue as a going concern.

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.

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

#### ***Statement of compliance***

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the period ended June 30, 2022, prepared in accordance with IFRS as issued by the IASB

These condensed interim financial statements were approved by the Board of Directors of the Company on November 22, 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.

## **GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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

#### *Functional and Presentation Currency*

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the financial statements.

#### *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.

#### 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.



## **GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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

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.

#### 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**

These condensed interim financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at June 30, 2022.

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS**

	<b>Gander North</b>	<b>Gander South</b>	<b>Mt. Peyton</b>	<b>Carmanville</b>	<b>BLT</b>	<b>Cape Ray</b>	<b>Hermitage</b>	<b>Little River</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Acquisition Costs:</b>									
Balance, June 30, 2021	820,278	158,100	960,878	129,197	280,742	429,055	291,900	123,400	3,193,550
Additions	423,680	34,153	515,856	72,892	154,092	375,000	62,822	26,505	1,665,000
Balance, June 30, 2022 and September 30, 2022	1,243,958	192,253	1,476,734	202,089	434,834	804,055	354,722	149,905	4,858,550
<b>Exploration Costs:</b>									
Balance, June 30, 2021	104,100	-	-	-	-	84,810	-	-	188,910
Assays	44,509	1,877	-	172	96	172	1,781	1,781	50,388
Consulting	180,852	29,906	55,788	11,102	37,577	28,904	10,172	594	354,895
Field supplies	38,277	3,681	1,013	713	3,941	4,519	1,201	-	53,345
Geophysics	229,213	8,204	548,175	54,501	114,506	186,354	56,883	31,354	1,292,190
Helicopter and expediting	55,676	5,859	26,602	4,072	15,615	106,058	9,867	-	223,749
JEA Rebate	-	-	-	-	-	(60,000)	-	-	(60,000)
Permitting	-	12,075	-	-	-	-	-	-	12,075
Reports and maps	61,295	-	-	-	-	-	-	-	61,295
Sampling	714,144	32,984	376,122	47,652	322,348	77,946	12,672	12,672	1,596,540
Balance, June 30, 2022	1,428,066	94,586	1,007,700	118,212	494,083	428,763	92,576	46,401	3,710,387
Assays	7,647	2,750	146	-	4,837	8,408	1,090	-	24,878
Consulting	55,765	5,597	5,578	1,282	19,703	2,468	1,359	475	92,227
Field supplies	2,300	-	-	370	-	-	-	-	2,670
Helicopter and expediting	42,854	3,187	15,940	-	-	-	10,597	-	72,578
Sampling	111,790	13,020	130,900	73,430	23,940	-	33,740	-	386,820
Balance, September 30, 2022	1,648,422	119,140	1,160,264	193,294	542,563	439,639	139,362	46,876	4,289,560
<b>Total Costs:</b>									
Balance, June 30, 2022	2,672,024	286,839	2,484,834	320,301	928,917	1,232,818	447,298	196,306	8,568,937
Balance, September 30, 2022	2,892,380	311,393	2,636,998	395,383	977,397	1,243,694	494,084	149,952	9,148,110

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**Vulcan Properties, Newfoundland

On February 28, 2021, the Company took assignment of an option agreement (the “Vulcan Agreement”) between Sassy and 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 Property”, “Gander South Property”, the “Little River Property” and the “Hermitage Property”) (collectively, the “Gander properties”).

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</b>
		<b>(\$)</b>	<b>Expenditures</b>
			<b>(\$)</b>
Upon execution of the Agreement (issued by Sassy)(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.

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
 For the three month period ended September 30, 2022  
 (Expressed in Canadian dollars)

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

On May 31, 2021, the Company took assignment of an option agreement (the “Gander North Agreement”) between Sassy and Wildwood Exploration Inc. (“Wildwood”) dated March 12, 2021, as amended on April 7, 2021, 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 by Sassy)(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.

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

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS (continued)****Cape Ray**

On May 31, 2021, the Company took assignment of an option agreement (the “Cape Ray Agreement”) between Sassy and Wildwood dated March 12, 2021, as amended on April 7, 2021, which provides an exclusive option to acquire a 100% ownership interest in certain mineral claims located in Newfoundland (the “Cape Ray Property”).

Pursuant to the Cape Ray 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</b>
		<b>(\$)</b>	<b>Expenditures</b>
			<b>(\$)</b>
Upon execution of the Agreement (issued by Sassy)(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.

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

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS (continued)****Mount Peyton/BLT**

On May 31, 2021, the Company took assignment of an option agreement (the “Thwart Island Agreement”) between Sassy and Wildwood dated March 12, 2021, as amended on May 12, 2021, 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”).

Pursuant to the Thwart Island 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</b>
		<b>(\$)</b>	<b>Expenditures</b>
			<b>(\$)</b>
Upon execution of the Agreement (issued by Sassy)(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.

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

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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**5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>September 30, 2022</b>	<b>June 30, 2022</b>
	(\$)	(\$)
Trade payables	27,781	1,149,729
Related party payables	7,875	-
Accrued liabilities	27,000	20,000
	<u>62,656</u>	<u>1,169,729</u>

**6. OTHER LIABILITIES**

During the three month period ended September 30, 2022, the Company issued 4,833,442 flow-through shares at \$0.31 per share and 2,982,962 charitable flow-through shares at \$0.38 per share which resulted in a flow-through premium liability of \$521,464.

**7. 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 three month period ended September 30, 2022 is as follows:

	<b>September 30, 2022</b>
	(\$)
Consulting fees	16,150
Geological fees	22,500
Management fees	45,000
Professional fees	19,500
Share-based payments	49,501
	<u>152,651</u>

There was no remuneration of key management during the comparative period ended September 30, 2021.

**GANDER GOLD CORPORATION**

Notes to the Condensed Interim Financial Statements  
For the three month period ended September 30, 2022  
(Expressed in Canadian dollars)

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

Stock Options outstanding to key management at September 30, 2022 were as follows:

<b>Name</b>	<b>Position</b>	<b>Number of Options</b>	<b>Strike Price</b>
Mark Scott	CEO and Director	1,750,000	\$0.25
Sean McGrath	CFO	500,000	\$0.25
Ian Fraser	VP Exploration	500,000	\$0.25
Ken Booth	Director	100,000	\$0.25
Kathryn McLaughlin	Director	100,000	\$0.25
Richard Savage	Director	300,000	\$0.25
Stephanie Hart	Director	100,000	\$0.25
Terry Coughlan	Director	100,000	\$0.25

The Company owes \$16,691 (June 30, 2022 - \$Nil) to Sassy Gold as at September 30, 2022. The loan is not interest-bearing and is due on demand.

**8. 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*****Three month period ended September 30, 2022**

On September 26, 2022, the Company 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 shares, for aggregate proceeds of \$3,999,962. In connection with the financing, the Company 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. The Company incurred other share issuance costs totaling \$15,579.

**Year ended June 30, 2022**

On November 22, 2021, the Company issued 8,831,500 common shares to Sassy at \$0.30 per share in settlement of a \$2,649,450 intercompany loan with Sassy. (Note 7)

On January 26, 2022, the Company cancelled 17,107,125 common shares previously issued at \$0.015 per share to Sassy and reissued 17,107,125 common shares at \$0.02 per share for additional cash proceeds of \$85,536. (Note 7)



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### 8. SHARE CAPITAL AND RESERVES (continued)

On February 25, 2022, the Company issued 27,231,665 common shares pursuant to the conversion of 27,231,665 special warrants. The Company incurred share issuance costs of \$98,335 (2021 – Nil).

On February 25, 2022, the Company issued 1,500,000 common shares valued at \$525,000 to Wildwood under the Gander North, Cape Ray and Thwart Island Agreements (Note 4).

On February 25, 2022, the Company issued 300,000 common shares to Vulcan valued at \$105,000 under the Vulcan Agreement (Note 4).

On April 20, 2022, the Company issued 2,500,000 common shares valued at \$825,000 to Wildwood under the Gander North, Cape Ray and Thwart Island Agreements (Note 4).

#### *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.

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, 2021	-	-
Issued	3,450,000	0.25
Balance, June 30, 2022 and September 30, 2022	3,450,000	0.25

The Company recorded share-based payments of \$49,501 during the three month period ended September 30, 2022 in connection with stock options that were issued to directors and officers in October 2021.

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. Expected volatilities are based on historical volatility of the Company’s shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during the year ended June 30, 2022 were as follows:

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

<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, 2022	2,400,000	112	1.50	5.00	-	0.15	371,270
November 15, 2022	700,000	112	1.50	5.00	-	0.15	108,287
December 1, 2022	350,000	112	1.50	5.00	-	0.15	54,143

The following table summarizes the stock options outstanding as at September 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>
November 1, 2026	2,400,000	-	0.25	4.09
November 15, 2026	700,000	-	0.25	4.13
December 1, 2026	350,000	-	0.25	4.17
	3,450,000	-	0.25	4.11

**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, 2021 and June 30, 2022	-	-
Issued	714,704	0.32
Balance, September 30, 2022	714,704	0.32

The finder's warrants issued during the three month period ended September 30, 2022 were valued using the Black-Scholes option pricing model under the following assumptions:

	<b>Warrants</b>
Risk-free interest rate	3.81%
Expected life of warrants	1.00 yr
Volatility	165%
Expected dividend yield	Nil
Forfeiture rate	Nil
Weighted average fair value	\$0.12

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### 8. SHARE CAPITAL AND RESERVES (continued)

The following table summarizes the share purchase warrants outstanding as at September 30, 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)
September 26, 2023	190,814	0.27	0.99
September 26, 2023	315,083	0.31	0.99
September 26, 2023	208,807	0.38	0.99
	714,704	0.32	0.99

### 9. 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.

#### *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 September 30, 2022.

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### **9. FINANCIAL RISK MANAGEMENT (continued)**

#### ***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.

#### ***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).

Financial assets included in the statement of financial position are cash. Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities. The fair value of cash is measured using Level 1 of the fair value hierarchy. 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 period ended September 30, 2022.

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**10. SEGMENTED INFORMATION**

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

The Company operates in one geographic segment located in Canada.

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
	(\$)	(\$)
<b>Non-cash investing and financing activities:</b>		
Exploration and evaluation expenditures in accounts payable	35,656	318,020
<b>Interest paid during the period</b>	-	-
<b>Income taxes paid during the period</b>	-	-

**12. 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 fee, representing approximately \$528,000, in the event of their agreement being terminated in connection with a change of control of the Company.

The Company has approximately \$654,000 in assessment expenditures which need to be incurred on its exploration and evaluation assets prior to December 31, 2022 in order to keep its existing mineral claims in good standing.

**13. SUBSEQUENT EVENT**

Subsequent to September 30, 2022, the Company adopted a new 10% rolling restricted share unit plan.