

Condensed Financial Statements

Mayo Lake Minerals Inc.

(unaudited)

September 30, 2023

The accompanying interim financial statements of Mayo Lake Minerals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these interim financial statements.

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Mayo Lake Minerals Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars) - unaudited
As at

September 30,
2023

December 31,
2022

Assets

Current

Cash and cash equivalents	\$ 1,472	\$ 3,720
Sales tax receivable	12,159	15,988
Prepaid expenses	-	10,034

Total current assets 13,631 29,742

Property, plant and equipment - -
Mineral exploration and evaluation assets (Note 4) 5,849,102 5,824,938

Total assets \$ 5,862,733 \$ 5,854,680

Liabilities

Current

Accounts payable and accrued liabilities	\$ 395,258	\$ 188,765
Subscription Agreements	82,500	-
Flow through share premium liability (Note 5)	14,487	14,487
Government assistance (Note 7)	60,000	60,000

Total current liabilities 552,245 263,252

Long-term note payable (Note 6) 31,375 31,000
Long-term due to related parties (Note 8) 236,596 235,446

Long-term liabilities 267,971 266,446

Total liabilities 820,216 529,698

Shareholders' equity

Capital stock (Note 9)	7,544,284	7,445,273
Warrants (Note 9)	785,753	765,052
Contributed surplus	494,576	337,959
Accumulated deficit	(3,782,096)	(3,223,302)

Total shareholders' equity 5,042,517 5,324,982

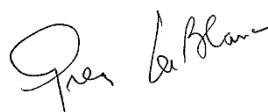
Total liabilities and shareholders' equity \$ 5,862,733 \$ 5,854,680

Going concern (Note 2)
Subsequent events (Note 12)

Approved on behalf of the Board



Director



Director

Mayo Lake Minerals Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars) - unaudited

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Expenses				
General and administration	\$ 52,566	\$ 68,882	\$ 175,410	\$ 187,098
Investor relations and promotion	28,653	32,479	88,299	75,887
Legal and regulatory	23,856	17,017	53,031	68,398
Professional fees	1,000	1,500	32,500	31,500
Property evaluation	1,482	-	7,117	-
Share base compensation	35,532	49,538	174,378	55,516
Interest and bank charges	167	235	495	752
Interest on promissory notes	5,473	5,854	16,800	17,962
Interest discounting expense	-	3,570	10,799	10,340
	<u>148,729</u>	<u>179,075</u>	<u>558,829</u>	<u>447,453</u>
Other Income				
Flow through recovery	-	206,278	-	206,278
Interest income	-	988	35	3,869
Net loss and comprehensive loss	<u>\$ (148,729)</u>	<u>\$ 28,191</u>	<u>\$ (558,794)</u>	<u>\$ (237,306)</u>
Weighted average number of common shares	<u>93,071,942</u>	<u>91,912,039</u>	<u>93,071,942</u>	<u>91,912,039</u>
Basic and diluted loss per share	<u>(0.0016)</u>	<u>(0.000)</u>	<u>(0.0060)</u>	<u>(0.003)</u>

See accompanying notes to the financial statements

Mayo Lake Minerals Inc.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars) - unaudited

	Capital stock Shares	Amount	Reserves		Accumulated Deficit	Total
			Warrant reserves	Contributed Surplus		
Balance, December 31, 2021	<u>88,161,227</u>	<u>\$ 6,991,925</u>	<u>\$ 651,566</u>	<u>\$ 152,220</u>	<u>\$(2,756,871)</u>	<u>\$ 5,038,840</u>
Initial public offering, net of issuance costs	2,637,034	181,860	48,059	-	-	229,919
Private placements, net of issuance costs	3,172,977	271,488	65,427	-	-	336,915
Stock options issuance	-	-	-	173,784	-	173,784
DSU quarterly expense	-	-	-	8,966	-	8,966
Net loss and comprehensive loss	-	-	-	-	(237,306)	(237,306)
Balance, September 30, 2022	<u>93,971,237</u>	<u>\$ 7,445,273</u>	<u>\$ 765,052</u>	<u>\$ 334,970</u>	<u>\$(2,994,177)</u>	<u>\$ 5,551,118</u>
DSU quarterly expense	-	-	-	2,989	-	2,989
Net loss and comprehensive loss	-	-	-	-	(229,125)	(229,125)
Balance, December 31, 2022	<u>93,971,237</u>	<u>\$ 7,445,273</u>	<u>\$ 765,052</u>	<u>\$ 337,959</u>	<u>(3,223,302)</u>	<u>\$ 5,324,982</u>
Private placement, net of issuance costs (note 9)	1,716,700	53,331	48,621	-	-	101,952
RSU issuance expense	-	-	-	33,213	-	33,213
RSU issuance of shares	253,733	17,760	-	(17,760)	-	-
DSU quarterly expense	-	-	-	8,966	-	8,966
Stock option expense (note 9)	-	-	-	132,198	-	132,198
Expiry of warrants (note 9)	-	27,920	(27,920)	-	-	-
Net loss and comprehensive loss	-	-	-	-	(558,794)	(558,794)
Balance, September 30, 2023	<u>95,941,670</u>	<u>\$ 7,544,284</u>	<u>\$ 785,753</u>	<u>\$ 494,576</u>	<u>(3,782,096)</u>	<u>\$ 5,042,517</u>

See accompanying notes to the financial statements

Mayo Lake Minerals Inc.**Condensed Interim Statements of Cash Flows**

(Expressed in Canadian dollars) - unaudited

For the nine months ended September 30

2023**2022**

Cash flows from operating activities

Net loss	\$	(558,794)	\$	(237,306)
Items not affecting cash:				
RSU DSU compensation		-		55,516
Non-cash interest		10,434		17,962
Unwinding of accretion and fair value		10,800		10,340
Change in non-cash working capital items:				
Prepaid expenses		10,034		(81,107)
Sales tax receivable		3,829		(5,700)
Flow through liability		-		(157,266)
Accounts payable and accrued liabilities		206,493		(200,127)
Net cash used in operating activities		(317,204)		(357,393)

Cash flows used in investing activities:

Exploration and evaluation expenditures		(24,164)		(1,128,029)
Net cash used in investing activities		(24,164)		(1,128,029)

Cash flows from financing activities:

Demand notes payable		-		21,865
Related parties' notes		(19,710)		(8,010)
Issuance of capital stock, net		276,330		549,683
Share subscription		82,500		-
Net cash from financing activities		339,120		563,538

Increase in cash and cash equivalents		(2,248)		(988,565)
Cash and cash equivalents, beginning of period		3,720		1,104,056
Cash and cash equivalents, end of period	\$	1,472	\$	115,491

Mayo Lake Minerals Inc.

Notes to Condensed Interim Financial Statements

Nine months ending September 30, 2023

1. Nature of business

Mayo Lake Minerals Inc. (referred to herein as the "Company") is an exploration stage junior mining company that was incorporated on September 7, 2011 under the laws of Ontario, Canada. The Company is engaged in the identification, evaluation and exploration of mineral properties in Yukon, Canada. The Company has not yet determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company became a reporting issuer on December 15, 2021 with its registered office at 110 Westhunt Drive, Unit 2, Carp (Ottawa), Ontario, Canada. The Company was listed on the CSE on May 5, 2022.

2. Going concern

The Company is an exploration stage company. At present, its operations do not generate cash flow. The Company incurred a net loss of \$558,794 during the nine months ended September 30, 2023 (September 30, 2022 - \$237,306) and, as of that date, its accumulated deficit was \$3,782,096 (December 31, 2022 - \$3,223,302) and its working capital stood at a deficiency of \$538,614 (September 30, 2022 - \$11,334).

The Company's ability to continue as a going concern in 2023 and beyond is dependent on its capacity to obtain adequate financing on reasonable terms from investors and lenders in order to explore and develop its assets; and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to successfully do so in the future. These factors indicate the existence of material uncertainty which may cast some doubt on its ability to continue as a going concern in the future. After reviewing the current cash position and having considered the Company's ability to raise funds in the short term, the directors have adopted the going concern basis in preparing its financial statements.

The ability of the Company to recover the costs it has incurred to date on exploration and evaluation is dependent upon it being able to identify a commercial ore body, finance further exploration and development costs and to resolve any environmental, regulatory, and other constraints which may hinder the successful development of its assets.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

3. Basis of presentation, critical accounting, judgements and key estimation uncertainties**Basis of presentation**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022.

These condensed interim financial statements were approved by the Board of Directors on November XX, 2023.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2022 and as discussed below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim financial statements are consistent with those applied and disclosed in Note 2 of the Company's audited financial statements for the year ended December 31, 2022 and as discussed below.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Critical accounting estimates and judgments and key estimation uncertainties

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include by are not limited to, the following:

3. Basis of presentation, critical accounting, judgements and key estimation uncertainties (continued)

Share-based payments and share purchase warrants - The fair value of share-based payments and compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices from similar types of companies, changes in subject input assumptions can materially affect the fair value estimate. The Black Scholes model incorporated inputs such as the risk-free rate, volatility by reference to comparable companies, estimated life and forfeiture rate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Recoverability of mineral exploration and evaluation assets – The assessment of impairment of mineral exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral property interests are budgeted and results of exploration activities up to the reporting date. The Company has determined that there are no indicators of impairment.

Deferred Taxes – Until such time as the Company has certainty as to future profits, deferred tax assets and liabilities are not recognized.

Mayo Lake Minerals Inc.

Notes to Condensed Interim Financial Statements

Nine months ended September 30, 2023

4. Mineral exploration and evaluation assets

A summary of the changes in exploration and evaluation assets is presented below for the periods ending September 30, 2022, December 31 2022 and September 30, 2023.

	Anderson- Davidson	Edmonton	Cascade	Carlin- Roop	Trail-Minto	Total
Balance, December 31, 2021	\$ 1,882,815	\$ 460,898	\$ 63,707	\$ 1,685,012	\$ 545,084	\$ 4,637,516
Expenditures:						
Claim fees	3,448	2,635	280	4,650	-	11,013
Exploration	82,105	25,777	2,872	914,373	91,889	1,117,016
Balance, September 30, 2022	\$ 1,968,368	\$ 489,310	\$ 66,859	\$ 2,604,035	\$ 636,973	\$ 5,765,545
Expenditures:						
Claim fees	-	-	-	-	2,394	2,394
Exploration	2,191	317	-	43,886	10,605	56,999
Balance, December 31, 2022	\$ 1,970,559	\$ 489,627	\$ 66,859	\$ 2,647,921	\$ 649,972	\$ 5,824,938
Expenditure						
Claim fees	3,795	427	-	2,463	-	6,685
Exploration	3,301	585	-	13,593	-	17,479
Balance, September 30, 2023	\$ 1,977,655	\$ 490,639	\$ 66,859	\$ 2,663,977	\$ 649,972	\$ 5,849,102

Yukon Property Acquisitions

The Company entered into binding letter agreements with European Ventures Inc. (**European**), a related company, in December of 2011 (amended in July 2014) for the acquisition of the Anderson, Davidson and Edmonton Creek claim groups and in February 2012 for the acquisition of the Roop and Trail-Minto claim groups and April 2012 for the Carlin claim group. The vendor retained a 2.75% net smelter return royalty (NSR) on the Anderson, Roop and Trail-Minto claim groups and a 2.5% NSR on the Davidson and Edmonton and Carlin claim groups. The NSRs are subject to a 1% buyback.

All of the NSR buybacks are applicable at any time up to commercial production. Any full 1% NSR can be bought back for \$1M if gold is at \$1,000 per ounce or less; \$2M if gold is at \$3,000 per ounce or more with a sliding scale between \$1,000 and \$3,000 per ounce. A buyback can be exercised in increments of 0.5%.

Mayo Lake Minerals Inc.**Notes to Condensed Interim Financial Statements**Nine months ended September 30, 2023

5. Flow through share premium liability

Opening balance – December 31, 2021	\$ 188,630
Issuance of flow through shares	62,634
Flow through premium recovery	(206,278)
Closing balance – September 30, 2022	\$ 44,986
Issuance of flow through shares	-
Flow through premium recovery	(30,499)
Closing balance – December 31, 2022	\$ 14,487
Issuance of flow through shares	-
Flow through premium recovery	-
Closing balance – September, 2023	\$ 14,487

6. Demand notes payable

The Company issued a promissory note in the amount of \$25,000 on September 2, 2021 bearing interest at the rate of 1.5% per month. Both the principal and interest are due and payable on March 30, 2024. The note may be prepaid at the option of the Company.

Opening balance – January 1, 2022	\$ 26,500
Accrued Interest	3,375
Closing balance – September 30, 2022	\$ 29,875
Accrued interest	1,125
Closing balance – December 31, 2022	\$ 31,000
Accrued interest	3,375
Interest paid	(3,000)
Closing balance – September 30, 2023	\$ 31,375

Interest of \$3,375 (2022 - \$3,375) on the promissory note was expensed during the nine-month period ended September 30, 2023.

7. Government Assistance

On July 23, 2020, the Company received the Canadian Emergency Business Account (CEBA) in the amount of \$40,000. On December 22, 2020, the Company received the CEBA top-up in the amount of \$20,000. CEBA is a government program providing interest-free loans to small businesses, repaying the balance of the loan on or before January 18, 2024 will result in loan forgiveness of 33 percent (up to \$20,000).

Mayo Lake Minerals Inc.

Notes to Condensed Interim Financial Statements

Nine months ended September 30, 2023

8. Related party transactions and key management compensation

The Company has contracts for management and geological services provided by key management, namely officers, administrators and directors of the Company through companies or partnerships controlled or influenced by them. In addition, key management or their related companies may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions are recorded at their fair value as agreed between all parties.

- Dr. Vern Rampton, President and CEO, provides Management Services to the Company through Rampton Resource Group Inc.(RRG) his personal services corporation. RRG also provides accessory office facilities plus an office manager/bookkeeper through contracts negotiated with consideration of competitive prices. All expenses are passed through the company at a minimal mark-up.
- Tyrell Sutherland, Vice-President Exploration, provides management & geological services to the Company through Sans Peur Exploration Services Inc. his solely owned personal services corporation.
- Darrell Munro, Corporate Administrator, provides investor relations and administrative services through his sole proprietorship.
- Andre Rancourt, CFO, provides accounting services through his sole proprietorship.
- Lee Bowles. Business Development, provides financial & advisory services through Ironstone Capital Corporation Inc. his personal services corporation.

Related party promissory notes.

Opening balance – January 1, 2022	\$ 218,821
Repayments of notes	(16,917)
Accrued interest	14,587
Fair value expense	10,340
Closing balance – September 30, 2022	\$ 226,831
Accrued interest	4,729
Fair value adjustment	3,886
Closing balance – December 31, 2022	\$ 235,446
Repayments of notes	(23,075)
Accrued interest	13,425
Fair value expense	10,800
Closing balance – September 30, 2023	\$ 236,596

- On June 18, 2021 the Company issued a series of promissory notes totalling \$101,000 bearing interest at 6% per annum to certain members of the management team in lieu of payment for services rendered. A total of \$16,000 of the principal was repaid in 2022. The remaining principal of \$85,000 plus interest originally due on June 30, 2023 has been extended to June 30, 2024.
- European Ventures Inc. (**Auropean**) was formerly designated as an insider, having previously held more than 10% of the outstanding shares of the Company. It has periodically provided credit to the Company. On October 31, 2022, Auropean relinquished its status as an insider when its shareholdings fell slightly below 10% of the Company's outstanding shares.
- The President and CEO through his wholly owned corporation RRG and the Company's Corporate Administrator provide services to Auropean.
- The President & CEO and two directors of the Company are also the sole directors of Auropean.

Mayo Lake Minerals Inc.**Notes to Condensed Interim Financial Statements**Nine months ended September 30, 2023

8. Related party transactions and key management compensation (continued)

- On November 12, 2021, the directors passed a resolution approving the borrowing of up to \$150,000 from European at a rate of 10% per annum.
- On July 21, 2022 the Company awarded 3,990,000 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at \$0.15 for a period of 5 years from the date of issuance. The options vest in three equal segments of 1,330,000 (August 1, 2022, August 1, 2023 and August 1, 2024).
- On September 30, 2022 the Company awarded 930,158 options exercisable at \$0.15 for a period of 3 years from the date of issuance and 628,699 Restricted Share Units (RSUs) to management, directors, consultants and contractors for their dedication to the company and more specifically to supplement their compensation for fiscal 2021 as well as the period up to the Company's public listing in May of 2022. Both the options and RSUs vest in three separate equal segments, namely January 30 of 2023, 2024 and 2025.
- Interest expense on the amounts due to related parties during the nine months ending September 30, 2023 totalled \$13,425 (September 30, 2022 - \$14,587).

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Compensation and contract fee expense of key management	\$279,867	\$301,614
Value of RSUs/DSUs with officers and directors expensed (note 9)	\$35,765	\$8,966
Value of stock options with officers and directors expensed (note 9)	\$114,307	\$150,264

Mayo Lake Minerals Inc.

Notes to Condensed Interim Financial Statements

Nine months ended September 30, 2023

9. Capital stock

Authorized

Unlimited number of common shares

Share capital

	Number of Shares	Amount
Balance, December 31, 2021	88,161,227	\$ 6,991,925
Initial public offering (final tranche) – common (i)	2,637,034	268,385
Private placement – common (ii)	1,572,637	160,044
Private placement – flow-through (iii)	167,000	20,505
Private placement – flow-through (iv)	1,433,340	125,168
Issuance costs		(120,754)
Balance, September 30, 2022	93,971,237	\$ 7,445,273
Balance, December 31, 2022	93,971,237	\$ 7,445,273
Issuance of restricted share units (v)	253,733	17,760
Expiry of warrants (vi)	-	18,282
Private placement (vii)	1,716,700	54,381
Expiry of warrants (viii)	-	9,638
Issuance costs	-	(1,050)
Balance, September 30, 2023	95,941,670	\$ 7,544,284

- i) On March 15, 2022, the Company closed the final tranche of its Initial Public Offering for 2,637,034 Common Share Units at \$0.12, totalling \$316,444. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at \$0.18 per share for expiring on December 30, 2024. The 1,318,517 warrants were valued at \$64,344 using the Black Scholes valuation model, the inputs of which are disclosed below.
- ii) On May 4, 2022, the Company closed a Common Share Private Placement for 1,572,637 Units at \$0.12 per Unit for total proceeds of \$188,716. Each Unit consists of one common share and one-half warrant exercisable at \$0.18 into one common share expiring May 4, 2025. The warrants were valued at \$26,054 using the Black-Scholes valuation model, the inputs of which are disclosed below. In conjunction with the offering, the Company paid finder's fees of \$15,000.
- iii) On May 4, 2022, the Company closed a Flow Through Private Placement for 167,000 Flow Through Units at \$0.18, totalling \$30,060. Each Unit consists of one flow through share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at \$0.24 per share expiring May 4, 2025. The warrants were valued at \$2,619 using the Black Scholes valuation model, the inputs of which are disclosed below. The Company recognized a flow through liability of \$9,555.
- iv) On August 30, 2022, the Company closed a Flow Through Private Placement for 1,433,340 Flow Through Units at \$0.15, totalling \$215,001. Each Unit consists of one flow through share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at \$0.20 per share expiring August 30, 2025. The warrants were valued at \$32,211 using the Black Scholes valuation model, the inputs of which are disclosed below. The Company recognized a flow through liability of \$53,079.

In conjunction with the offering, the Company paid finder's fees of \$14,000 and granted 93,334 Broker Unit Warrants in relation to the flow through share offering. Each Broker Unit Warrant is exercisable at a price of \$0.12 expiring August 30, 2025. The Broker Unit Warrants were valued at \$4,543 using the Black-Scholes valuation model, the inputs of which are disclosed below.

Mayo Lake Minerals Inc.**Notes to Condensed Interim Financial Statements**Nine months ended September 30, 2023

9. Capital stock (continued)

v) On January 30, 2023, the Company issued 243,352 common shares upon the vesting of 253,733 RSUs, with the balance of 10,381 shares issued on May 3, 2023.

(vi) On March 30, 2023, 533,193 warrants expired with a previously recorded value of \$18,282.

(vii) On March 31, 2023, the Company closed a Common Share Private Placement for 1,716,700 Common Share Units at \$0.06 per Unit totalling \$103,002. Each Unit consists of one common share and one whole common share purchase warrant. Each whole warrant is exercisable into one common share at \$0.10 expiring on March 31, 2026. The 1,716,700 warrants were valued at \$48,015 using the Black Scholes valuation model, the inputs of which are disclosed below.

In conjunction with the offering, the Company paid finder's fees of \$1,050 and granted 17,500 Broker Unit Warrants in relation to the common share offering. Each Broker Unit Warrant is exercisable into one common share at \$0.06 expiring March 31, 2023. The Broker Unit Warrants were valued at \$606 using the Black-Scholes valuation model, the inputs of which are disclosed below.

(viii) On July 30, 2023, 410,800 warrants expired with a previously recorded value of \$9,638.

Warrants and Broker Warrants

	Number of Warrants		Amount
Balance, December 31, 2021	18,246,126	\$	651,566
Granted – Initial public offering – Common (i)	1,318,517		48,059
Granted – private placement common (ii)	786,319		26,054
Granted – private placement flow-through (iii)	83,500		2,619
Granted – private placement flow-through (iv)	716,670		32,211
Granted – Broker Unit Warrants (iv)	93,334		4,543
Balance, September 30, 2022	21,244,466	\$	765,052

Balance, December 31, 2022	21,244,466	\$	765,052
Expired – warrants (vi)	(533,193)		(18,282)
Granted – private placement common (vii)	1,716,700		48,015
Granted – Broker Unit Warrants (vii)	17,500		606
Expired – warrants (viii)	(410,800)		(9,638)
Balance, September 30, 2023	22,034,673	\$	785,753

Mayo Lake Minerals Inc.

Notes to Condensed Interim Financial Statements

Nine months ended September 30, 2023

9. Capital stock (continued)

Warrants

Exercisable and Outstanding at September 30, 2023

	Exercise Price	Expiry date
40,625	\$0.15	December 30, 2023
12,529,725	\$0.15	November 5, 2024
1,001,670	\$0.18	December 30, 2024
3,143,853	\$0.20	December 30, 2024
1,318,517	\$0.18	March 15, 2025
786,319	\$0.18	May 4, 2025
83,500	\$0.24	May 4, 2025
716,670	\$0.20	August 30, 2025
1,716,700	\$0.10	March 31, 2026
Total	21,337,579	

Broker Unit Warrants

Exercisable and Outstanding at September 30, 2023

	Exercise Price	Expiry date
218,757	\$0.12	November 5, 2024
14,584	\$0.12	December 30, 2024
352,919	\$0.15	December 30, 2024
93,334	\$0.12	August 30, 2025
17,500	\$0.06	March 31, 2026
Total	697,094	

The following summarizes the assumptions used in the valuation of the warrants for September 30, 2023 and December 31, 2022.

Risk-free interest rate	1.88% - 3.45%
Volatility based on comparable companies	92.60%-94.64%
Expected dividend	0%
Forfeiture	0%
Expected option life	3 years

Stock options

The Company's Stock Option Plan is available to its directors, officers, employees and service providers. The number of options available is a maximum of 10% of the total number of issued and outstanding common shares. All issuances, including the vesting and exercise periods are approved by the Board.

	Number of Options	Exercise price	Value
Balance, December 31, 2021	-	-	-
Granted	3,990,000	\$0.15	\$173,784
Granted	930,158	\$0.15	\$ nil
Balance December 31, 2022	4,920,158	\$0.15	\$173,784
Expensed at September 30, 2023			\$132,198
Balance at September 30, 2023	4,920,158	\$0.15	\$305,982
Exercisable at September 30, 2023	2,970,053	\$0.15	\$305,982

On July 21, 2022 the Company awarded 3,990,000 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at \$0.15; valid for a period of 5 years from the date of issuance. They vest in three separate equal segments of 1,330,000 (August 1, 2022, 2023 and 2024). Each tranche is expensed over its complete vesting period.

9. Capital stock (continued)

The fair value of all options was estimated of the date of grant using the Black-Scholes option pricing model with the following assumption: Risk free interest rate 2.96%, a volatility based on comparable companies of 93.68% with an expected option life 5 years.

On September 30, 2022 the Company awarded 930,158 incentive options to management, directors, consultants and contractors. Each option is exercisable into one common share at \$0.15; valid for a period of 3 years from the date of issuance. They vest in three separate equal segments of 1,330,000 (January 30, 2023, 2024 and 2025). Each tranche is expensed over its complete vesting period.

The fair value of the options was estimated as of the date of grant using the Black-Scholes option pricing model with the following assumption: Risk free interest rate 3.55%, a volatility based on comparable companies of 106.5% with an expected option life 3 years.

Restricted Share Units

RSUs are used to compensate participants for their individual performance-based services achievements and corporate performance, and they are intended to supplement stock option awards. The Company determines the fair market value and the vesting schedule of RSUs at the time of grant. Under The Company's RSU/DSU Plan, the vesting date for RSUs shall be no later than the third anniversary of the date of grant and all share issuances in respect of the vested units shall be processed in full before the end of the particular calendar year. Non-vested RSUs are automatically forfeited if the grantee voluntarily leaves employment with the Company. Upon vesting of the RSUs, common shares are issued from treasury.

On September 30, 2022 the Company awarded 628,699 Restricted Share Units (RSUs) to management, consultants and contractors. The RSUs vest in three separate equal segments, namely January 30 of 2023, 2024 and 2025. Each tranche is expensed over the full vesting period.

10. Capital management

The Company manages its capital structure and makes adjustments based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity of \$5,042,517 (December 31, 2022 - \$5,324,982), which is comprised of share capital, reserves and a deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to maintain the corporate and administrative functions necessary to support organizational functions and to obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and supplemented with debt as necessary. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management in the year.

11. Financial instruments and risk management**Fair value**

The carrying values of the Company's financial instruments approximate their fair values due to the short-term maturity of these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due.

The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific

to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9. As at September 30, 2023, the Company's current liabilities which comprise accounts payable and accrued liabilities, demand notes payable and obligation due to related parties total \$552,245. The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

Covid-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Company for future periods. Other than delays to drilling programs, COVID-19 has not had a significant impact on the Company.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The Company is not exposed to any significant interest rate risk volatility or exchange rate volatility.

12. Subsequent events

There are no subsequent events.