

**Sanu Gold Corp.**

Consolidated Financial Statements  
For the years ended June 30, 2022 and 2021  
(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Sanu Gold Corp.

### *Opinion*

We have audited the accompanying consolidated financial statements of Sanu Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year 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 its financial performance and its cash flows for the year 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 the Company incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$933,213 as at June 30, 2022. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Matters*

The consolidated financial statements of Sanu Gold Corp. for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on June 21, 2022.

### *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 Alyson Neil.

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

**SANU GOLD CORP.**  
**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	\$ 3,315,343	\$ 694,113
Loan receivable (Note 5)	-	328,852
Receivables	10,190	-
Prepaid expenses	19,871	1
	<b>3,345,404</b>	<b>1,022,966</b>
<b>Exploration and evaluation asset (Note 5)</b>	<b>5,378,926</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,724,330</b>	<b>\$ 1,022,966</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 155,324	\$ 138,669
Loan payable (Note 7)	-	103,500
<b>TOTAL LIABILITIES</b>	<b>155,324</b>	<b>242,169</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	2,740,876	416,001
Subscriptions received (Note 8)	3,265,053	402,525
Special warrants (Note 8)	3,331,226	-
Reserve (Note 9)	165,064	-
Accumulated deficit	(933,213)	(37,729)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,569,006</b>	<b>780,797</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 8,724,330</b>	<b>\$ 1,022,966</b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 14)

These consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2022. They are signed on behalf of the Board of Directors by:

"Martin Pawlitschek"  
Director

"Vince Sorace"  
Director

The accompanying notes form an integral part of these consolidated financial statements.

**SANU GOLD CORP.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

	<b>For the Years Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>EXPENSES (INCOME)</b>		
Consulting fees (Note 11)	\$ 333,838	\$ -
Professional fees	176,695	28,755
Investor relations	18,125	2,363
Office expenses	71,145	106
Transfer agent and filing fees	17,790	-
Stock-based compensation (Note 9 and 11)	165,064	-
Foreign exchange loss	112,827	-
Interest income	-	(5,257)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$ 895,484</b>	<b>\$ 25,967</b>
<b>BASIC AND DILUTED LOSS PER SHARE FOR THE YEAR</b>	<b>\$ 0.03</b>	<b>\$ 0.05</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED</b>	<b>32,915,481</b>	<b>500,960</b>

The accompanying notes form an integral part of these consolidated financial statements

**SANU GOLD CORP.**

**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

	<b>For the Years Ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Cash flows provided from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the year</b>	\$ (895,484)	\$ (25,967)
<b>Adjustments for items not affecting cash:</b>		
Interest income	-	(5,257)
Stock-based compensation	165,064	-
<b>Net change in non-cash working capital items:</b>		
Receivables	(30,060)	-
Accounts payable and accrued liabilities	(105,513)	128,280
<b>Net cash flows provided by (used in) operating activities</b>	<b>(865,993)</b>	<b>97,056</b>
<b>INVESTING ACTIVITIES</b>		
Cash received on acquisition of Gainde (Note 5)	81,350	-
Loan advanced to Gainde (Note 5)	(302,575)	(323,595)
Exploration and evaluation assets	(3,076,681)	-
<b>Net cash flows used in investing activities</b>	<b>(3,297,906)</b>	<b>(323,595)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	192,350	416,000
Proceeds from issuance of subscription receipts	3,265,053	402,525
Proceeds from issuance of special warrants	3,331,226	-
(Repayment of) proceeds from loan	(3,500)	101,500
<b>Net cash flows provided by financing activities</b>	<b>6,785,129</b>	<b>920,025</b>
<b>Net increase in cash</b>	<b>2,621,230</b>	<b>693,486</b>
<b>Cash, beginning of year</b>	<b>694,113</b>	<b>627</b>
<b>Cash, end of year</b>	<b>\$ 3,315,343</b>	<b>\$ 694,113</b>
<b>Cash paid for:</b>		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>Supplemental cash flow information</b>		
	\$	\$
Non-cash share issuance for exploration and evaluation assets	1,630,000	-
Compensation warrants issued	49,500	-
Non-cash share issuance for settlement of debt	100,000	25,000

The accompanying notes form an integral part of these financial statements

**SANU GOLD CORP.**

**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars)

	Number of shares	Share capital	Subscriptions received	Special warrants	Reserve	Accumulated deficit	Total
<b>Balance at June 30, 2020</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,762)</b>	<b>\$ (11,761)</b>
Common shares issued for private placements (Note 8)	14,725,000	416,000	-	-	-	-	416,000
Subscriptions received (Note 8)	-	-	402,525	-	-	-	402,525
Net loss for the year						(25,967)	(25,967)
<b>Balance at June 30, 2021</b>	<b>14,725,001</b>	<b>\$ 416,001</b>	<b>\$ 402,525</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (37,729)</b>	<b>\$ 780,797</b>
Common shares issued for private placements, net of costs (Note 8)	6,975,000	694,875	(402,525)	-	-	-	292,350
Common shares issued for exploration and evaluation assets (Notes 5)	16,300,000	1,630,000	-	-	-	-	1,630,000
Subscription receipt financing (Note 8)	-	-	3,265,053	-	-	-	3,265,053
Special warrants financings, net of costs (Note 8)	-	-	-	3,331,226	-	-	3,331,226
Stock-based compensation (Note 9)	-	-	-	-	165,064	-	165,064
Net loss for the year	-	-	-	-	-	(895,484)	(895,484)
<b>Balance at June 30, 2022</b>	<b>38,000,001</b>	<b>\$ 2,740,876</b>	<b>\$ 3,265,053</b>	<b>\$ 3,331,226</b>	<b>\$ 165,064</b>	<b>\$ (933,213)</b>	<b>\$ 8,569,006</b>

The accompanying notes form an integral part of these consolidated financial statements.



# SANU GOLD CORP.

## Notes to the Consolidated Financial Statements For the years ended June 30, 2022 and 2021 (Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Sanu Gold Corp. (Formerly Hibiki Capital Corp.) (the "Company") was incorporated under the British Columbia Business Corporations Act on September 25, 2018. The head office of the Company is located at Suite 907 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 and the registered and records office of the Company is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company is in the business of mineral exploration.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At June 30, 2022, the Company had cash of \$3,315,343 (June 30, 2021 - \$694,113) and its current assets exceed its current liabilities by \$3,190,080 (June 30, 2021 - \$780,797). The Company currently has no active business and is not generating any revenues. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$933,213 as at June 30, 2022 (June 30, 2021 - \$37,729). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its exploration activities and general and administrative costs in the next twelve months and in the future. These consolidated financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities and access to properties.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

#### (b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

#### (c) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

#### (d) Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company's accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

# SANU GOLD CORP.

## Notes to the Financial Statements For the years ended June 30, 2022 and 2021 (Expressed in Canadian Dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

#### (a) Basis of consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Malea Resources Corp, Gainde Gold SARL and Zirasanu SARLU Subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

#### (b) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### (c) Cash Equivalents

Cash equivalents include short-term liquid investments that are cashable or readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value. There were no cash equivalents for the years presented.

#### (d) Financial instruments

##### i) Classification and measurement

###### Financial asset

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue, and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

###### *Amortized cost*

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

###### *Fair value through other comprehensive income ("FVTOCI")*

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. The Company does not have any assets classified and measured at FVTOCI.

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

**(d) Financial instruments (continued)**

*Fair value through profit or loss ("FVTPL")*

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash and loan receivable are classified in this category.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and loans payable are included in this category.

ii) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the allowance at the reporting date to the amount that is required to be recognized.

**(e) Restoration, rehabilitation, and environmental obligations**

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

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

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

**(f) Exploration and evaluation expenditures**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property in the period it is received.

Exploration and evaluation assets are assessed for impairment at each reporting date and if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**(g) Share capital**

*Common shares*

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

*Equity units*

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to warrants.

**(h) Share options and warrants**

All share options and warrants are included in reserves, a component of shareholders' equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to share capital.

Stock-based compensation to employees and consultants are measured at the fair value of the instruments granted. Stock-based compensation is measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserves. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors: exercise price; current market price of the underlying shares; expected life of the award; risk-free interest rate; forfeiture rate; and expected volatility.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received

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

**(i) Income taxes**

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the period.

Deferred tax is provided for using the asset and liability method of accounting, whereby deferred tax assets and liabilities are recognized for the future tax effects of differences between the carrying amounts of assets and liabilities in the statement of financial position and the tax bases of the assets and liabilities (temporary differences), unused tax losses and other income tax deductions. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss are not provided for. Deferred tax assets and liabilities are measured based on the expected manner of realization or settlement of the carrying amounts of the related assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss, except deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(j) Impairment of non-financial assets**

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**(k) Loss per share**

Loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

**(l) New accounting standards and interpretations**

The Company did not adopt any new accounting standards or interpretations.

**4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Significant accounting judgments

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements are as follows:

*Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

*Income taxes*

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at June 30, 2022 and 2021, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

*Valuation of stock-based compensation*

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

*Recoverability of the carrying value of exploration and evaluation assets*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

## SANU GOLD CORP.

### Notes to the Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

#### 5. EXPLORATION AND EVALUATION ASSETS

On October 21, 2021, the Company acquired 100% of the issued and outstanding shares of Gainde Gold SARL ("Gainde"). The acquisition occurred by way of a share exchange on the basis of 163,000 common shares of the Company for each one Gainde share, for a total of 16,300,000 common shares of the Company (Note 8). The common shares were recorded at a fair value of \$0.10 per common share, for a total fair value of \$1,630,000.

Gainde is focusing its exploration activities on precious metals in Guinea, West Africa. Gainde holds its interest in three precious metals projects in Guinea through three separate Technical and Financial Partnership Agreements ("TFPA"); the Bantabaye Project, the Daina Project and the Diguifara Project.

The Company accounted for the purchase of Gainde as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combinations". The following table summarizes the total consideration, the fair value of the acquired identifiable assets and liabilities assumed as of the date of the acquisition:

Share consideration (16,300,000 common shares at \$0.10)	\$	1,630,000
Net assets acquired:		
Cash		81,350
Accounts payable		(122,168)
Loan payable		(631,427)
Exploration and evaluation assets		2,302,245
Net assets acquired	\$	1,630,000

Prior to completing the transaction, the Company had advanced \$350,570 (June 30, 2021 - \$328,852) to Gainde which carried interest at 5% per annum, payable upon repayment of the loan, which accrued total interest of \$15,616. The Company also paid invoices totalling \$265,241 on Gainde's behalf to fund ongoing mineral exploration expenditures at Gainde's mineral projects.

Costs incurred with respect to the properties are as follows:

	Bantabaye	Diguifara	Daina	Total
<b>Acquisition Costs</b>				
Balance, June 30, 2021 and 2020	\$ -	\$ -	\$ -	\$ -
Additions	767,415	767,415	767,415	2,302,245
Balance, June 30, 2022	\$ 767,415	\$ 767,415	\$ 767,415	\$ 2,302,245
<b>Deferred Exploration Costs</b>				
Balance, June 30, 2021 and 2020	\$ -	\$ -	\$ -	\$ -
Additions	895,916	1,028,373	1,152,392	3,076,681
Balance, June 30, 2022	\$ 895,916	\$ 1,028,373	\$ 1,152,392	\$ 3,076,681
<b>Total</b>				
June 30, 2021	\$ -	\$ -	\$ -	\$ -
June 30, 2022	\$ 1,663,331	\$ 1,795,788	\$ 1,919,807	\$ 5,378,926

## SANU GOLD CORP.

### Notes to the Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At June 30, 2022 and June 30, 2021, the Company's accounts payable and accrued liabilities are composed of the following:

	June 30, 2022	June 30, 2021
Accounts payable (Note 11)	\$ 67,126	\$ 64,017
Accrued liabilities	88,198	74,652
<b>Total</b>	<b>\$ 155,324</b>	<b>\$ 138,669</b>

#### 7. LOANS PAYABLE

At June 30, 2022 the Company had \$Nil (2021- \$2,000) of loans payable to an arm's length party.

During the year ended June 30, 2021, the Company received loans of \$100,000, \$25,000, and \$1,500 from an arm's length party that was unsecured, non-interest bearing, and with no fixed terms of repayment.

On June 24, 2021, the \$25,000 loan was settled through the issuance of 500,000 common shares at a cost of \$0.05 per share, as part of the June 24, 2021 private placement (Note 8).

On July 2, 2021, \$100,000 of the loan was settled through the issuance of 1,000,000 common shares at a cost of \$0.10 per share, as part of the July 2, 2021 private placement (Note 8). The remaining \$3,500 of the loan was repaid on November 25, 2021.

#### 8. SHARE CAPITAL

As of June 30, 2022, the Company had 38,000,001 common shares outstanding (June 30, 2021 – 14,725,001).

##### *Share issuance*

##### Year ended June 30, 2022:

On July 2, 2021, the Company issued 6,975,000 common shares at a price of \$0.10 per common share, for gross proceeds of \$697,500, of which \$402,525 was received during the year ended June 30, 2021 and \$100,000 was issued in settlement of a loan payable. In connection with the financing, the Company incurred share issuance costs of \$2,625.

On October 21, 2021, the Company issued 16,300,000 common shares with a fair value of \$1,630,000, in connection with the acquisition of Gainde (Note 5).

##### Year ended June 30, 2021:

On June 15, 2021, the Company issued 10,500,000 common shares at a price of \$0.02 per common share, for proceeds of \$207,375.

On June 24, 2021, the Company issued 4,225,000 common shares at a price of \$0.05 per common share, for proceeds of \$208,625. Included in this issuance is 500,000 common shares issued to settle a loan payable (Note 7).

##### *Escrow*

At June 30, 2022, there were 10,689,500 shares in escrow (June 30, 2021 – nil). There was an initial 10% release of these shares on July 12, 2022, a further 15% of the shares are released every 6 months.

##### *Subscription receipts*

On December 8, 2021, the Company completed a private placement subscription receipt financing by issuing 9,875,000 subscription receipts at a price of \$0.33 per subscription receipt, for aggregate proceeds of \$3,265,053. Each Subscription Receipt is convertible into one common share of the Company which is upon filing of a final long form prospectus (note 14) of the Company with certain provincial securities regulatory authorities in Canada in order to qualify the distribution of the common shares underlying the Subscription Receipts.



# SANU GOLD CORP.

## Notes to the Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (continued)

#### *Special warrants*

On December 8, 2021, the Company completed a special warrant financing by issuing 10,125,000 special warrants at a price of \$0.33 per special warrant, for aggregate proceeds of \$3,341,250. In connection with the financing, the Company incurred costs of \$48,510. Each special warrant is convertible into one common share of the Company on the date that is the earlier of (i) the date which is four months and one day following the closing of the Special Warrant Offering; and (ii) the second business day after the date on which a receipt for the Company's final long form prospectus is issued by the British Columbia Securities Commission (the "BCSC").

On January 7, 2022, the Company completed an additional crowdfunding special warrant financing by issuing 191,000 special warrants at a price of \$0.33 per special warrant, for aggregate proceeds of \$63,030. In connection with the financing, the Company incurred costs of \$24,544. Each special warrant is convertible into one common share of the Company (i) at any time, at the discretion of the Company (ii) the date on which a receipt for the Company's final long form prospectus is issued by the BCSC, or (iii) on that date that is 18 months from the date of issuance of the special warrants. In connection with the special warrant financing, the Company issued 150,000 compensation warrants at a price of \$0.33 per warrant to Vested Technology Corp valued at \$49,500.

A continuity schedule of the Company's outstanding special warrants for the years ended June 30, 2022 and 2021 is as follows:

	June 30, 2022	June 30, 2021
	Number outstanding	Number outstanding
<b>Outstanding, beginning of year</b>	-	-
Granted	10,466,000	-
Exercised	-	-
<b>Outstanding, end of year</b>	10,466,000	-

### 9. RESERVE

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of options are determined by the Board of Directors, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the options are granted, less any discount permitted by the Exchange. Options granted under the plan may vest immediately on grant, or over a period as determined by the Board of Directors or, in respect of options granted for investor relations services, as prescribed by Exchange policy

On November 8, 2021, the Company granted 3,700,000 stock options to officers, directors and consultants. Each stock option is exercisable into one common share of the Company at a price of \$0.10 per common share for five years, vesting 25% every six months. The fair value of the stock options was determined to be \$276,233 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.56%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil. During the year ended June 30, 2022, the Company recognized \$165,064 in stock-based compensation expense for vested stock options.

## SANU GOLD CORP.

### Notes to the Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

#### 9. RESERVE (continued)

A continuity schedule of the Company's outstanding stock options as at June 30, 2022 and June 30, 2021 is as follows:

	June 30, 2022		June 30, 2021	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	-	\$ -	-	\$ -
Granted	3,700,000	0.10	-	-
<b>Outstanding, end of period/year</b>	<b>3,700,000</b>	<b>\$ 0.10</b>	<b>-</b>	<b>\$ -</b>
<b>Exercisable, end of period/year</b>	<b>925,000</b>	<b>\$ 0.10</b>	<b>-</b>	<b>\$ -</b>

At June 30, 2022, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
November 8, 2026	3,700,000	925,000	\$ 0.10	4.33

#### 10. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	June 30, 2022	June 30, 2021
Net loss before income taxes	\$ (895,484)	\$ (25,967)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery at the statutory tax rate	(242,000)	(7,011)
Non-deductible expenditures	45,000	-
Share issue costs	(20,000)	-
Changes in unrecognised deductible temporary differences	481,000	7,011
Other	(264,000)	-
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2022	June 30, 2021
Non-capital losses	\$ 1,532,000	\$ 10,187
Exploration and evaluation asset	(1,067,000)	-
Share issue costs	16,000	-
Unrecognized deferred income tax assets	(481,000)	(10,187)
	\$ -	\$ -

As at June 30, 2022, the Company has Canadian non-capital loss carry forwards of \$590,300 and non capital losses in Guinea of \$4,575,000 that may be available for tax purposes. The Company's non-capital losses expire through 2042.

# SANU GOLD CORP.

## Notes to the Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

### 11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Key management compensation is as follows:

	June 30, 2022	June 30, 2021
Consulting fees	\$ 323,220	\$ -
Office expenses	2,371	-
Stock-based compensation	86,993	-
	\$ 412,584	\$ -

As at June 30, 2022, the Company had \$968 (2021 - \$nil) prepaid expenses to a director, which has been included in prepaid expenses. The amount is unsecured, non-interest bearing with no set terms of repayment.

As at June 30, 2022, the Company had \$31,320 (2021 - \$14,700) payable to a company with a common director, which has been included in accounts payable and accrued liabilities (Note 6). The amount is unsecured, non-interest bearing with no set terms of repayment.

These transactions are in the normal course of the operations on normal commercial terms and conditions, which is the amount of consideration established and agreed to by the related parties.

### 12. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company may attempt to raise additional amounts of capital through the issuance of shares. Management 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 since incorporation. The Company is not subject to external capital requirements.

### 13. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

	June 30, 2022	June 30, 2021
<b>Financial assets:</b>		
<b>Fair value through profit and loss</b>		
Cash	\$ 3,315,343	\$ 694,113
<b>Amortized cost</b>		
Receivables	10,190	-
Loan receivable	-	328,852
<b>Financial liabilities:</b>		
<b>Amortized cost</b>		
Accounts payable	\$ 67,126	\$ 64,017
Loans payable	-	103,500

# SANU GOLD CORP.

## Notes to the Consolidated Financial Statements For the years ended June 30, 2022 and 2021 (Expressed in Canadian Dollars)

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### 13. FINANCIAL INSTRUMENTS (continued)

The fair values of the Company's receivables, loan receivable, accounts payable and loans payable approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At June 30, 2022, the Company's cash was recognized at fair value belonging in Level 1 of the fair value hierarchy. The Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 2 or 3 of the fair value hierarchy.

#### (b) Management of financial risks

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

##### 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. At June 30, 2022 and 2021, the Company was exposed to credit risk on its cash and receivables. The Company's maximum exposure to credit risk is the carrying amount of its cash and receivables.

The Company's cash is held with a high credit quality financial institution in Canada; Management considers its exposure to credit risk on cash and receivables to be low as at June 30, 2022 and 2021.

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At June 30, 2022, the Company had cash of \$3,315,343 (June 30, 2021 - \$694,113) and accounts payable and accrued liabilities of \$155,324 (June 30, 2021 - \$138,669) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities at June 30, 2022. The Company assessed its liquidity risk as low as at June 30, 2022.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at June 30, 2022 and 2021.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. As at June 30, 2022 the Company had exposure to foreign currency risk through the following assets and liabilities denominated in West African CFA Franc (XOF) (2021 – no exposure).

# SANU GOLD CORP.

## Notes to the Consolidated Financial Statements For the years ended June 30, 2022 and 2021 (Expressed in Canadian Dollars)

### 13. FINANCIAL INSTRUMENTS (continued)

#### (b) Management of financial risks (continued)

<b>June 30, 2022</b>	
	<b>XOF</b>
Cash and cash equivalents	8,579,445
Accounts payable and accrued liabilities	(31,912,793)
Net	(23,333,348)
Canadian dollar equivalent	(47,918)

Based on the above net exposures a 5% change in the Canadian Dollar/XOF exchange rate would impact the Company's net loss by \$2,500 (2021 - \$Nil impact). As at June 30, 2022 and 2021 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as low as at June 30, 2022.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at June 30, 2022 and 2021.

### 14. SEGMENT DISCLOSURES

The Company operates in a single operating segment. All of the Company's long-term assets are located in Guinea.

### 15. SUBSEQUENT EVENTS

On July 12, 2022 the Company's common shares began trading on the Canadian Securities Exchange (CSE) under the ticker SANU.

On July 12, 2022 the outstanding subscription receipts and special warrants were converted into 20,341,000 common shares.

On August 16, 2022, the company granted 1,570,000 stock options at an exercise price of \$0.37 to officers, directors and consultants with an expiry date 5 years from the grant date.

In September 2022 Company earned into and acquired an initial 51% interest in each of the Daina, Diguifara and Bantabayé Gold Exploration Permits (the "Permits") in Guinea, West Africa by acquiring a 51% interest in the Guinean partner companies that hold the Permits, under the terms of the underlying agreements, as described in the Company's final prospectus dated June 21, 2022. Sanu has set up Zirasanu, a 100% owned Guinean corporation, to which it has assigned Gainde's interests and, which holds a 51% ownership interest in each of MS Exploration, Nature Exploration and Discovery and Ressources Mining.