# Sanu Gold Corp.

## Condensed Consolidated Interim Financial Statements

For the nine months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars – unaudited)

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

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

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

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

**SANU GOLD CORP.**
**Condensed Consolidated Interim Statements of Financial Position**
(Expressed in Canadian Dollars)

| | March 31, 2023 (unaudited) | June 30, 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 2,299,988** | $ 3,315,343 |
| Receivables | **88,009** | 10,190 |
| Prepaid expenses | **13,029** | 19,871 |
| | **2,401,026** | 3,345,404 |
| **Exploration and evaluation assets** (Note 3) | **7,723,766** | 5,378,926 |
| **TOTAL ASSETS** | **$ 10,124,792** | $ 8,724,330 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 4) | **$ 342,160** | $ 155,324 |
| **TOTAL LIABILITIES** | **342,160** | 155,324 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (Note 5) | **12,231,457** | 2,740,876 |
| Subscriptions received (Note 5) | **-** | 3,265,053 |
| Special warrants (Note 5) | **660,885** | 3,331,226 |
| Reserve (Note 6) | **535,783** | 165,064 |
| Accumulated deficit | **(3,762,454)** | (933,213) |
| **Equity attributable to equity holders of the parent** | **9,665,671** | **8,569,006** |
| Non-controlling interests | **116,961** | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **9,782,632** | 8,569,006 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 10,124,792** | $ 8,724,330 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

These financial statements were authorized for issue by the Board of Directors on May 29, 2023. They are signed on behalf of the Board of Directors by:

| | |
|---|---|
| *"Martin Pawlitschek"* | *"Vince Sorace"* |
| Director | Director |

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

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

| | For the Nine Months Ended | | For the Three Months Ended | |
|---|---|---|---|---|
| | **March 31, 2023** | **March 31, 2022** | **March 31, 2023** | **March 31, 2022** |
| **EXPENSES** | | | | |
| Consulting fees | **$ 957,134** | $ 252,204 | **$ 207,806** | $ 202,701 |
| Professional fees | **287,009** | 112,579 | **251,260** | 52,331 |
| Office expenses | **448,116** | 60,808 | **139,382** | 11,293 |
| Investor relations | **103,503** | 18,125 | **16,731** | - |
| Transfer agent and filing fees | **159,126** | 17,790 | **6,011** | 12,540 |
| Stock-based compensation | **1,000,280** | 113,230 | **736,717** | 71,264 |
| **OPERATING EXPENSES** | **2,955,168** | 574,736 | **1,357,907** | 350,129 |
| **OTHER EXPENSES (INCOME)** | | | | |
| Gain on acquisition (Note 3) | **(121,734)** | - | **(121,734)** | - |
| Foreign exchange (gain) or loss | **(4,197)** | 48,583 | **(119,070)** | 7,912 |
| **NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD** | **$ 2,829,241** | $ 623,319 | **$ 1,117,107** | $ 358,041 |
| **Basic and diluted loss per share for the year** | **$ (0.05)** | $ (0.02) | **$ (0.02)** | $ (0.01) |
| **Weighted average number of common shares outstanding** | **59,153,459** | 31,226,826 | **63,526,618** | 38,000,001 |
| **Attributable to:** | | | | |
| Equity holders of the parent | 2,829,241 | 623,319 | 1,117,107 | - |
| Non-controlling interests | - | - | - | - |
| | **$ 2,829,241** | $ 629,319 | **$ 1,117,107** | $ 358,041 |

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

**SANU GOLD CORP.**
**Condensed Consolidated Interim Statements of Cash Flow**
(Expressed in Canadian Dollars - unaudited)

| | For the Nine Months Ended | |
|---|---|---|
| | **March 31, 2023** | March 31, 2022 |
| **Cash flows provided by (used in):** | | |
| | | |
| **OPERATING ACTIVITIES** | | |
| **Net loss for the period** | **$ (2,829,241)** | $ (623,319) |
| **Non-cash items:** | | |
| Stock-based compensation | **1,000,280** | 113,230 |
| Interest income | **-** | (10,360) |
| Gain on acquisition | **(121,734)** | - |
| **Net changes in non-cash working capital items:** | | |
| Receivables | **(71,145)** | (8,738) |
| Prepaids | **6,842** | |
| Accounts payable and accrued liabilities | **(9,748)** | 3,641 |
| **Net cash flows used in operating activities** | **(2,024,746)** | (525,546) |
| | | |
| **INVESTING ACTIVITIES** | | |
| Cash received on acquisition | **29,294** | 81,350 |
| Loan receivable | **-** | (292,215) |
| Exploration and evaluation assets | **(1,945,529)** | (2,663,019) |
| **Net cash flows used in investing activities** | **(1,916,235)** | (2,873,884) |
| | | |
| **FINANCING ACTIVITIES** | | |
| Proceeds from issuance of common shares | **2,925,626** | 192,350 |
| Proceeds from issuance of subscription receipts | | 3,258,750 |
| Proceeds from issuance of special warrants | **-** | 3,331,225 |
| (Repayment of) proceeds from loan | **-** | (3,500) |
| **Net cash flows provided by financing activities** | **2,925,626** | 6,778,825 |
| | | |
| **Net increase (decrease) in cash** | **(1,015,355)** | 3,379,395 |
| **Cash, beginning of period** | **3,315,343** | 694,113 |
| **Cash, end of period** | **$ 2,299,988** | $ 4,073,508 |

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

**SANU GOLD CORP.**
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**
(Expressed in Canadian Dollars)

| | Number of shares | Share capital | Subscriptions received | Special warrants | Reserve | Accumulated deficit | Total | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at June 30, 2021** | **14,725,001** | **$ 416,001** | **$ 402,525** | **$ -** | **$ -** | **$ (37,729)** | **$ 780,797** | **-** | **$ 780,797** |
| Common shares issued for private placements, net of costs | 6,975,000 | 694,875 | (402,525) | - | - | - | 292,350 | - | 292,350 |
| Common shares issued for exploration and evaluation assets | 16,300,000 | 1,630,000 | - | - | - | - | 1,630,000 | - | 1,630,000 |
| Subscription receipt financing | - | - | 3,258,750 | - | - | - | 3,258,750 | - | 3,258,750 |
| Special warrants financings, net of costs | - | - | - | 3,331,225 | - | - | 3,331,225 | - | 3,331,225 |
| Stock-based compensation | - | - | - | - | 113,230 | - | 113,230 | - | 113,230 |
| Net loss for the period | - | - | - | - | - | (623,319) | (623,319) | - | (623,319) |
| **Balance at March 31, 2022** | **38,000,001** | **$ 2,740,876** | **$ 3,258,750** | **$ 3,331,225** | **$ 113,230** | **$ (661,048)** | **$ 8,783,033** | **$ -** | **$ 8,783,033** |
| | | | | | | | | | |
| **Balance at June 30, 2022** | **38,000,001** | **$ 2,740,876** | **$ 3,265,053** | **$ 3,331,226** | **$ 165,064** | **$ (933,213)** | **$ 8,569,006** | **-** | **$ 8,569,006** |
| Common shares issued for private placements (Note 5) | 20,987,037 | 6,159,355 | (3,265,053) | 660,885 | (629,561) | - | 2,925,526 | **-** | **2,925,626** |
| Warrants and Special warrants converted (Note 5) | 10,316,000 | 3,331,226 | - | (3,331,226) | - | - | - | **-** | - |
| Warrants exercised | 150,000 | - | - | - | - | - | - | - | - |
| Stock-based compensation | - | - | - | - | 1,000,280 | - | 1,000,280 | **-** | 1,000,280 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 116,961 | 116,961 |
| Net loss for the period | - | - | - | - | - | (2,829,241) | (2,829,241) | - | (2,829,241) |
| **Balance at March 31, 2023** | **69,453,038** | **$12,231,457** | **$ -** | **$ 660,885** | **$ 535,783** | **$ (3,762,454)** | **$ 9,665,671** | **$ 116,961** | **$ 9,782,632** |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Sanu Gold 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 1008-550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

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 March 31, 2023, the Company had cash of $2,299,988 (June 30, 2022 - $3,315,343) and its current assets exceed its current liabilities by $2,058,866 (June 30, 2022 –$3,190,080). 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 $3,762,454 as at March 31, 2023 (June 30, 2022 - $933,213). 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these condensed interim financial statements should be read in conjunction with the Company's June 30, 2022 audited annual financial statements and the notes to such financial statements.

These condensed consolidated interim 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 ("FVTPL"), which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements are based on the IFRS issued and effective as of March 31, 2023, the date these condensed interim financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Zirasanu Group and Gainde Gold SARL. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### a) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### a) Significant accounting judgments and key sources of estimation uncertainty (continued)

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 March 31, 2023 and 2022, 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.

### b) New accounting standards and interpretations

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

(Expressed in Canadian Dollars - unaudited)

## 3. 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 5). The common shares were recorded at a fair value of $0.10 per common share, for a total fair value of $1,630,000.

The Company is focusing its exploration activities on precious metals in Guinea, West Africa. Gainde held an interest in three precious metals projects in Guinea through three separate Technical and Financial Partnership Agreements (“TFPA”); the Bantambaye 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 |

In August 2022 Company earned into and acquired an initial 51% interest in each of the Daina, Diguifara and Bantabaye Gold Exploration TFPA in Guinea, West Africa by acquiring a 51% interest in the three Guinean partner companies that hold the exploration permits, under the terms of the underlying agreements, as described in the Company’s final prospectus dated June 21, 2022. For accounting purposes, the transaction constituted a business combination in accordance with IFRS 3, with Sanu being the accounting acquirer. The fair value of the consideration effectively paid by Sanu, less the fair value of the net assets of the Guinean partner companies and the fair value of non-controlling interests, constitutes a gain on acquisition and has been recorded in the statement of loss and comprehensive loss for the nine months ended March 31, 2023.

| | | |
|---|---|---|
| Consideration effectively transferred | $ | 4,361 |
| Net assets acquired: | | |
| Cash | | 29,294 |
| Accounts payable and accrued liabilities | | (136,970) |
| Other payables | | (55,253) |
| Other receivables | | 6,674 |
| Exploration and evaluation assets | | 399,311 |
| Net assets acquired | $ | 243,056 |
| Non-controlling interest measured at fair value | | (116,961) |
| **Gain on acquisition** | **$** | **121,734** |

(Expressed in Canadian Dollars - unaudited)

## 3. EXPLORATION AND EVALUATION ASSETS (Continued)

Costs incurred with respect to the properties are as follows:

| | Bantabaye | Diguifara | Daina | Total |
|---|---|---|---|---|
| **Acquisition Costs** | | | | |
| Balance, June 30, 2021 | $ - | $ - | $ - | $ - |
| Additions | 767,415 | 767,415 | 767,415 | 2,302,245 |
| Balance, June 30, 2022 | $ 767,415 | $ 767,415 | $ 767,415 | $ 2,302,245 |
| Additions | 327,656 | 35,682 | 35,973 | 399,311 |
| Balance, March 31, 2023 | $ 1,095,071 | $ 803,097 | $ 803,388 | $ 2,701,556 |
| | | | | |
| **Deferred Exploration Costs** | | | | |
| Balance, June 30, 2021 | $ - | $ - | $ - | $ - |
| 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 |
| Additions | 174,811 | 460,908 | 1,309,810 | 1,945,529 |
| Consulting | 380 | 1,006 | 2,090 | 3,476 |
| Drilling | 7,914 | 6,124 | 282,002 | 396,040 |
| Geochemistry | - | - | 67,607 | 67,607 |
| Other costs | 166,517 | 453,778 | 858,111 | 1,478,406 |
| Balance, March 31, 2023 | $ 1,070,727 | $ 1,489,281 | $ 2,462,202 | $ 5,022,210 |
| | | | | |
| **Total, June 30, 2022** | $ 1,663,331 | $ 1,795,788 | $ 1,919,807 | $ 5,378,926 |
| **Total, March 31, 2023** | $ 2,165,798 | $ 2,292,377 | $ 3,265,591 | $ 7,723,766 |

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

At March 31, 2023 and June 30, 2022, the Company's accounts payable and accrued liabilities are composed of the following:

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| Accounts payable (Note 7) | $ 338,904 | $ 67,126 |
| Accrued liabilities | 3,256 | 88,198 |
| **Total** | $ 342,160 | $ 155,324 |

## 5. SHARE CAPITAL

As of March 31, 2023, the Company had 69,453,038 common shares outstanding (June 30, 2022 – 38,000,001).

*Share issuance*

*Nine months ended March 31, 2023:*

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

On February 17, 2023, the Company issued 11,112,037 common shares and 5,556,017 warrants for gross proceeds of $3,000,250 pursuant to the closing of a non-brokered private placement. Each Warrant entitles the holder to acquire one common share at a price of C$0.40 for a period of three years. The fair value of the warrants was determined to be $629,561 using the Black-Scholes Option Pricing Model with the following assumptions: Average risk free interest rate of 3.54%; expected life of 3 years; expected volatility of 100% and dividend yield of $Nil. The Company incurred cash share issuance costs of $74,624 and issued 276,440 warrants for finders fees with a fair value of $31,324, which were valued using the Black-Scholes Option Pricing Model with the following assumptions: Average risk free interest rate of 3.54%; expected life of 3 years; expected volatility of 100% and dividend yield of $Nil.

*Nine months ended March 31, 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. In connection with the financing, the Company incurred share issuance costs of $51,136. As part of the private placement, $100,000 of the loan payable was settled through the issuance of 1,000,000 common shares (Note 4).

On October 21, 2021, the Company issued 16,300,000 common shares in connection with the acquisition of Gainde (Note 3).

*Escrow*

At March 31, 2023, there were 8,467,125 shares in escrow (June 30, 2022 – 10,689,500). 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 was converted into one common share of the Company upon filing of a final long form prospectus of the Company on July 12, 2022 with certain provincial securities regulatory authorities in Canada in order to qualify the distribution of the common shares underlying the Subscription Receipts.

*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.

On July 12, 2022 the outstanding subscription special warrants and compensation warrants were converted into common shares.

(Expressed in Canadian Dollars - unaudited)

5. **SHARE CAPITAL (continued**)

A continuity schedule of the Company's outstanding special warrants for the nine months ended March 31, 2023 is as follows:

| | March 31, 2023 | June 30, 2022 |
|---|---|---|
| **Outstanding, beginning of period** | 10,466,000 | **-** |
| Granted | 5,832,457 | 10,466,000 |
| Special warrants converted | (10,466,000) | - |
| **Outstanding, end of period** | 5,832,457 | 10,466,000 |

## 6. 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 $170,521 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.

On August 16, 2022, the company granted 1,570,000 stock options to officers, directors and consultants. Each stock option is exercisable into one common share of the Company at a price of $0.37 per common share for five years, vesting 25% every six months. The fair value of the stock options was determined to be $426,336 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.34%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

On December 12, 2022, the company granted 250,000 stock options. Each stock option is exercisable into one common share of the Company at a price of $0.25 per common share for five years and vested immediately. The fair value of the stock options was determined to be $32,162 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.37%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

On February 21, 2023, the company granted 200,000 stock options. Each stock option is exercisable into one common share of the Company at a price of $0.40 per common share for five years and vesting 25% every six months. The fair value of the stock options was determined to be $28,997 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 3.54%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

During the nine months ended March 31, 2023, the Company recognized $1,000,280 (2022 - $113,230) in stock-based compensation expense for vested stock options.

(Expressed in Canadian Dollars - unaudited)

## 7. RESERVE (Continued)

A continuity schedule of the Company's outstanding stock options as at March 31, 2023 and March 31, 2022 is as follows:

| | March 31, 2023 | | | March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Number outstanding | | Weighted average exercise price | Number outstanding | | Weighted average exercise price |
| **Outstanding, beginning of year** | 3,700,000 | $ | 0.10 | - | $ | - |
| Granted | 2,020,000 | | 0.36 | 3,700,000 | | 0.10 |
| **Outstanding, end of period/year** | 5,720,000 | $ | 0.19 | 3,700,000 | $ | 0.10 |
| **Exercisable, end of period/year** | 2,100,000 | $ | 0.12 | - | $ | - |

At March 31, 2023, 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 | 1,850,000 | $ | 0. 10 | 3.61 |
| August 16, 2027 | 1,570,000 | - | $ | 0. 37 | 4.38 |
| December 12, 2027 | 250,000 | 250,000 | $ | 0. 25 | 4.70 |
| February 21, 2028 | 200,000 | - | $ | 0. 40 | 4.90 |
| | 5,720,000 | 2,100,000 | $ | 0. 40 | 4.90 |

## 7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel 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:

| | | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|---|
| Consulting fees | $ | 456,285 | $ | 244,058 |
| Stock-based compensation | | 229,730 | | 59,675 |
| | $ | 686,015 | $ | 303,733 |

As at March 31, 2023, the Company had $Nil (June 30, 2022 - $968) 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 March 31, 2023, the Company had $Nil (June 30, 2022 - $31,320) payable to a company with a common director and to a director of the company, which have been included in accounts payable and accrued liabilities (Note 4). The amounts are 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.

(Expressed in Canadian Dollars - unaudited)

## 8. 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.

## 9. FINANCIAL INSTRUMENTS

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

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

| | | March 31, 2023 | | June 30, 2022 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| ***Fair value through profit and loss*** | | | | |
| Cash | $ | 2,299,988 | $ | 3,315,343 |
| ***Amortized Cost*** | | | | |
| Receivables | | 88,009 | | 10,190 |
| **Financial liabilities:** | | | | |
| ***Amortized cost*** | | | | |
| Accounts payable | $ | 338,904 | $ | 67,126 |

The fair values of the Company's cash and cash equivalents and accounts 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 March 31, 2023, 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.

(Expressed in Canadian Dollars - unaudited)

## 9. FINANCIAL INSTRUMENTS (Continued)

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

**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 March 31, 2023 and 2022, 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 majority of 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 March 31, 2023 and 2022.

**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 March 31, 2023, the Company had cash of $2,299,988 (June 30, 2022 - $3,315,343) and accounts payable and accrued liabilities of $340,024 (June 30, 2022 - $155,324) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities at March 31, 2023. The Company assessed its liquidity risk as low as at March 31, 2023.

**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 March 31, 2023.

**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 March 31, 2023 and June 30, 2022 the Company had exposure to foreign currency risk through the following assets and liabilities denominated in West African CFA Franc (XOF) and Guinean France (GNF) (2021 – no exposure).

**March 31, 2023**

| | XOF | GNF | Total |
|---|---|---|---|
| Cash and cash equivalents | 4,523,433 | 1,381,042,564 | |
| Accounts receivable | 269,600 | 130,913,000 | |
| Accounts payable and accrued liabilities | (31,612,52 | (1,703,196,334) | |
| Net | (26,819,48 | (191,240,770) | |
| Canadian dollar equivalent | $(60,129) | $(29,937) | $(90,006) |

**June 30, 2022**

| | XOF |
|---|---|
| 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 and Canadian Dollar/GNF exchange rate would impact the Company's net loss by $3,000 and $1,300 respectively (June 30, 2022 - $2,500 and Nil impact respectively). As at March 31, 2023 and June 30, 2022 the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as low as at March 31, 2023.