KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2023

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of KO Gold Inc., (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, Jones & O'Connell LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, expressed in Canadian dollars)

As at	September 30 2023	March 31 2023
ASSETS		
Current		
Cash	**$ 299,757**	$ 511,240
Sales tax receivable	**15,567**	28,436
Prepaid expenses and deposits	**46,962**	16,368
	$ 362,286	$ 556,044
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	**$ 85,640**	$ 143,263
Non-current		
Loans payable (notes 7, 12)	**60,000**	-
	145,640	143,263
EQUITY		
Share capital (note 8)	**2,184,976**	2,149,836
Warrants (note 9)	**5,900**	5,900
Contributed surplus	**35,287**	35,287
Deficit	**(2,008,931)**	(1,779,032)
Accumulated other comprehensive income	**(586)**	790
	216,646	412,781
	$ 362,286	$ 556,044

Nature of operations and going concern (note 1)
Commitments and contingencies (note 11)
Subsequent events (note 15)

See accompanying notes.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, expressed in Canadian dollars)

	Three months ended September 30		Six months ended September 30	
	2023	2022	**2023**	2022
Expenses				
Corporate and administrative (notes 10, 12)	**$ 59,343**	$ 45,102	**$ 113,742**	$ 71,692
Exploration and evaluation (note 11)	**55,641**	72,124	**116,157**	155,998
Net loss	**(114,984)**	(117,226)	**(229,899)**	(227,690)
Other comprehensive loss				
Foreign currency translation adjustment	**(1,933)**	(1,336)	**(1,376)**	(366)
Comprehensive loss	**$ (116,917)**	$ (118,562)	**$ (231,275)**	$ (228,056)
Basic and diluted loss per share (note 13)	**$ (0.007)**	$ (0.010)	**$ (0.015)**	$ (0.021)
Weighted average number of common shares outstanding: Basic and diluted	**15,568,060**	12,000,000	**15,498,932**	10,877,240

See accompanying notes.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited, expressed in Canadian dollars)

	Share capital					Accumulated comprehensive	
	Number	Amount	Warrants	Contributed Surplus	Deficit	income (loss)	Total
Balance, March 31, 2022	9,100,000	$ 1,003,560	$ 171,501	$ -	$ (1,246,694)	$ 2,295	$ (69,338)
Units issued by private placements (notes 8, 9)	250,000	39,434	10,566	-	-	-	50,000
Deposit on shares to be issued	-	2,750	-	-	-	-	2,750
Share issuance costs	-	(3,886)	-	-	-	-	(3,886)
Exercise of warrants (notes 8, 9)	2,650,000	377,293	(112,293)	-	-	-	265,000
Warrants expired	-	-	(35,287)	35,287	-	-	-
Net loss for the period	-	-	-	-	(227,690)	-	(227,690)
Foreign currency translation adjustment	-	-	-	-	-	(366)	(366)
Balance, September 30, 2022	12,000,000	1,419,151	34,487	35,287	(1,474,384)	1,929	16,470
Shares issued by private placement (note 8)	1,997,000	499,250	-	-	-	-	499,250
Broker/Finder warrants (notes 8, 9)	-	(5,900)	5,900	-	-	-	-
Shares issued for debt (note 8)	605,500	151,375	-	-	-	-	151,375
Share issuance costs	-	(28,277)	-	-	-	-	(28,277)
Deposit on shares to be issued	-	(2,750)	-	-	-	-	(2,750)
Exercise of warrants (notes 8, 9)	825,000	116,987	(34,487)	-	-	-	82,500
Net loss for the period	-	-	-	-	(304,648)	-	(304,648)
Foreign currency translation adjustment	-	-	-	-	-	(1,139)	(1,139)
Balance, March 31, 2023	15,427,500	2,149,836	5,900	35,287	(1,779,032)	790	412,781
Shares issued for debt (note 8)	140,560	35,140	-	-	-	-	35,140
Net loss for the period	-	-	-	-	(229,899)	-	(229,899)
Foreign currency translation adjustment	-	-	-	-	-	(1,376)	(1,376)
Balance, September 30, 2023	**15,568,060**	**$ 2,184,976**	**$ 5,900**	**$ 35,287**	**$ (2,008,931)**	**$ (586)**	**$ 216,646**

See accompanying notes.

KO GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, expressed in Canadian dollars)

	Three months ended September 30 2023	Three months ended September 30 2022	Six months ended September 30 2023	Six months ended September 30 2022
Operating activities				
Loss for the period	**$ (114,984)**	$ (117,226)	**$ (229,899)**	$ (227,690)
Net changes in non-cash working capital items				
Sales tax receivable	**(6,885)**	(8,436)	**12,869**	(3,456)
Prepaid expenses and deposits	**(41,962)**	(28,459)	**(30,594)**	(16,020)
Accounts payable and accrued liabilities	**1,871**	30,100	**(22,483)**	22,630
	(161,960)	(124,021)	**(270,107)**	(224,536)
Financing activities				
Loan proceeds	**60,000**	-	**60,000**	-
Proceeds from private placements	**-**	-	**-**	50,000
Deposit on shares to be issued	**-**	2,750	**-**	2,750
Proceeds from exercise of warrants (notes 8, 12)	**-**	91,500	**-**	265,000
Share issuance costs	**-**	(540)	**-**	(3,886)
	60,000	93,710	**60,000**	313,864
Effect of exchange rate changes on cash	**(1,933)**	(1,336)	**(1,368)**	(366)
Net change in cash	**(103,893)**	(31,647)	**(211,475)**	88,962
Cash, beginning of period	**403,650**	132,323	**511,240**	11,714
Cash, end of period	**$ 299,757**	$ 100,676	**$ 299,765**	$ 100,676
Supplemental disclosure				
Shares issued for debt	**$ -**	$ -	**$ 35,140**	$ -
Share subscription receivable - Warrants	**$ -**	$ (91,500)	**$ -**	$ -

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

KO Gold Inc. (the "Company") is a publicly listed exploration company involved in the business of acquiring and exploring mineral properties in New Zealand. The Company was incorporated on March 9, 2020, in the province of Ontario, Canada. The address of the Company's registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

Going Concern
The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at September 30, 2023, the Company had working capital of $276,646 (March 31, 2023 - $412,781), incurred losses for the current six-month period of $231,275 (September 30, 2022 - $228,056), and, had an accumulated deficit of $2,008,931 (March 31, 2023 - $1,779,032).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance
These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements for the six-month period ended September 30, 2023, were approved and authorized for issue by the Company's board of directors on November 22, 2023.

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Basis of Consolidation and Presentation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary: KO Gold NZ Limited ("KONZ"), a New Zealand company. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of KONZ is the New Zealand dollar.

These interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2023 annual consolidated financial statements. These interim results are not necessarily indicative of the results that may be anticipated for the entire fiscal year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- warrant valuation;
- measurement of shares issued to settle debt;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiary; and,
- choice of accounting policy for exploration and evaluation.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended March 31, 2023, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

Adoption of IAS 1 – Presentation of Financial Statements
The IASB issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date.

(unaudited, expressed in Canadian dollars)

SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. On April 1, 2023, the Company adopted IAS 1, as amended, which did not have any effect on the Company's financial statements.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current six-month period. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2023	March 31 2023
Suppliers	**$ 74,343**	$ 94,990
Accrued liabilities	**10,679**	35,422
Related parties (note 12)	**618**	12,851
	$ 85,640	$ 143,263

7. LOANS PAYABLE

In September 2023, the Company received unsecured and non-interest bearing cash loans of $60,000, of which $10,000 was provided by Company directors/officers. These loans are payable on demand any time after October 1, 2024. The Company has the right to prepay the loans at any time, without bonus or penalty.

8. SHARE CAPITAL

Authorized
Unlimited common shares

Special Shares
Unlimited and issuable in one or more series. The current rights attached to the special shares are: voting, with certain restrictions; preference over common shares with respect to payment of discretionary dividends declared; convertible into any class of special shares or common shares at a rate to be determined by the directors of the Company at their discretion. There have been no special shares issued.

SHARE CAPITAL (continued)

Shares and Units Issued – Private Placements

(i) On April 15, 2022, the Company completed the fifth and final tranche of a $0.20 private placement that originated in fiscal 2022 by issuing 250,000 units for gross proceeds of $50,000. Each unit consists of one common share and one common share purchase warrant. Each unit warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.30 for a period of 12 months from closing. The fair value of the unit warrants was estimated at $10,566 using the relative fair value method (note 9).

(ii) On October 3, 2022, the Company closed the first tranche of a brokered private placement for gross proceeds of $233,500 by issuing 934,000 common shares at $0.25 per share. On February 10, 2023, the Company closed the final tranche of the private placement for gross proceeds of $265,750 by issuing 1,063,000 common shares. The Company received total proceeds of $499,250 and issued a total of 1,997,000 common shares. As consideration for the services of the broker, the Company issued 66,290 broker warrants. Each broker warrant entitles the holder to purchase one common share at an exercise price of $0.25 for a period of 12 months from closing. The fair value of the broker warrants was estimated at $5,900 using the Black-Scholes option pricing model (note 9). In addition, the Company paid cash commissions of $16,573.

Shares Issued – Debt Settlement

On March 31, 2023, the Company settled $151,375 of payables by issuing 605,500 common shares at $0.25 per share, of which 485,500 common shares were issued to entities controlled by or associated with current and former Company directors/officers in settlement of $121,375 of fees and expenses (note 12).

On June 30, 2023, the Company settled $35,140 of payables by issuing 140,560 common shares at $0.25 per share.

Shares Issued - Warrants

During the six-month period ended September 30, 2022, the Company issued 2,650,000 common shares in connection to the exercise of 2,650,000 unit warrants for proceeds of $265,000, of which $91,500 was received in July 2022 (note 12). Subsequent to September 30, 2022, the Company issued an additional 825,000 common shares in connection to the exercise of 825,000 unit warrants for proceeds of $82,500. A total of 3,475,000 common shares were issued in connection to the exercise 3,475,000 unit warrants (note 9) for total proceeds of $347,500. The total fair value of these warrants was $146,780, which was transferred from the warrant reserve account.

Stock Options

On September 30, 2022, the Company adopted a stock option plan (“Plan”) that authorizes the Company to issue up to a maximum of 10% of its issued common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Company’s Board of Directors at the time of grant. No options have been issued since the Plans inception.

(unaudited, expressed in Canadian dollars)

9. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price		Relative fair value
Balance, March 31, 2022	4,100,000	$0.30	$	171,501
Issued	250,000	0.30		10,566
Issued - Broker warrants	66,290	0.25		5,900
Exercised (i)	(3,475,000)	0.30		(146,780)
Expired (i)	(875,000)	0.30		(35,287)
Balance, March 31, 2023 and September 30, 2023	**66,290**	**$0.25**	**$**	**5,900**

(i) On May 9, 2022 and on December 28, 2022, the Company implemented warrant exercise programs (the "Programs") to encourage the early and voluntary exercise of the 4,350,000 outstanding common share purchase warrants. Pursuant to the Programs, each warrant's exercise price was reduced from $0.30 to $0.10. As a result, 3,475,000 of these warrants were exercised and 875,000 warrants expired. Pursuant to the Company's accounting policy, the fair value of the warrants was not remeasured.

Relative fair value of the warrants issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions.

	March 31 2023
Dividend yield	Nil
Expected volatility (based on historical prices)	110%
Risk-free rate of return	2.64%
Expected life	1 Year
Share price	$0.18

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)		Relative fair value
October 3, 2023	64,610	$0.25	0.01	$	5,750
February 10, 2024	1,680	0.25	0.36		150
	66,290	$0.25	0.02	$	5,900

(unaudited, expressed in Canadian dollars)

10. CORPORATE AND ADMINISTRATIVE

	Three months ended September 30		Six months ended September 30	
	2023	2022	**2023**	2022
Consulting (note 12)	**$ 20,500**	$ 39,376	**$ 40,006**	$ 48,376
Corporate development and promotion	**260**	-	**500**	-
Filing and transfer agent fees	**1,300**	-	**1,819**	-
Office and general	**355**	425	**908**	863
Professional fees	**36,409**	5,301	**69,990**	8,365
Travel	**519**	-	**519**	14,088
	$ 59,343	$ 45,102	**$ 113,742**	$ 71,692

11. EXPLORATION AND EVALUATION

	Three months ended September 30		Six months ended September 30	
Mineral Project	**2023**	2022	**2023**	2022
Otago, New Zealand	**$ 17,549**	$ 20,134	**$ 39,614**	$ 31,667
Smylers, New Zealand	**38,092**	51,990	**76,543**	124,331
	$ 55,641	$ 72,124	**$ 116,157**	$ 155,998

Otago Gold Project – New Zealand

The Otago Gold Project is located in New Zealand in the Otago region on the South Island and encompasses approximately 910 sq. kms. Otago consists of the three two-year prospecting permits (Tokomairiro, Carrick Range, Rough Ridge) and one five-year exploration permit (Hyde).

	Three months ended September 30		Six months ended September 30	
Otago	**2023**	2022	**2023**	2022
Property costs	**$ 11,539**	$ 17,990	**$ 24,221**	$ 29,523
Consulting/Contracting	**6,010**	2,144	**15,393**	2,144
	$ 17,549	$ 20,134	**$ 39,614**	$ 31,667

Smylers Gold Project – New Zealand

The Smylers Gold Project ("Smylers") is located in New Zealand in the Otago region on the South Island and is comprised of two permits under option that encompass approximately 62 sq. kms. On March 8, 2021, the Company entered into an option agreement, having an effective date of April 1, 2021, with Hyde Resources Limited and Smylers Gold Limited (collectively, the "Optionors") pursuant to which the Company obtained the right (the "Option") to acquire a 100% interest in the Smylers and Glenpark permits.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

To exercise the Option the Company is required to incur expenditures of NZ $4,000,000 over a four-year period (the "Option Term"), as amended on June 28, 2023, as follows:

a) a minimum of NZ $1,000,000 in expenditures before September 30, 2022 (completed); and,
b) an additional NZ $3,000,000 in expenditures by April 1, 2025 (September 30, 2023 – expended NZ $268,578).

	Three months ended September 30		Six months ended September 30	
Smylers	**2023**	2022	**2023**	2022
Property costs	**$ 3,981**	$ 2,421	**$ 3,981**	$ 16,724
Assaying	**-**	2,288	**-**	3,687
Consulting/Contracting	**649**	9,093	**3,680**	26,160
Equipment and supplies	**-**	1,470	**-**	3,276
Site costs	**33,462**	35,277	**68,301**	71,534
Travel/Transportation	**-**	1,441	**581**	2,950
	$ 38,092	$ 51,990	**$ 76,543**	$ 124,331

The Company is not entitled to any partial interest if the Company fails to exercise the Option within Option Term.

Upon exercise of the Option, the Company is to issue sufficient common shares to the Optionors to align their percentage ownership in the Company with the relative value of 50% of the value of the Smylers Gold Project, divided by the value of the Company's mineral properties (which would include 100% of the Smylers Gold Project) plus working capital. Valuations are to be performed by a third party.

The Optionors shall retain a 2% Net Return Royalty on all proceeds received by the Company on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for $3,000,000.

12. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended September 30		Six months ended September 30	
	2023	2022	**2023**	2022
Consulting (i)	**$ 15,000**	$ -	**$ 28,000**	$ -
Professional fees (ii)	**-**	3,425	**-**	6,489
Share issuance costs (ii)	**-**	540	**-**	3,886
	$ 15,000	$ 3,965	**$ 28,000**	$ 10,375

(i) Consulting fees were paid or became payable to a Company controlled by a Company officer.

(ii) Legal fees were paid or became payable to a law firm in which a former Company director/officer is a partner.

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

On March 31, 2023, the Company settled $121,375 of payables by issuing 485,500 common shares at $0.25 per share to entities controlled by or associated with current and former Company directors/officers. The debt settlement consisted of: 160,000 shares in settlement of $40,000 of consulting fees; 60,000 shares in settlement of $15,000 of expenses; and, 265,500 shares in settlement of $66,375 of legal fees.

On June 30, 2022, a company associated with a Company director exercised 165,000 warrants at $0.10 pursuant to the May 9, 2022 warrant exercise program (note 9) for proceeds of $16,500, which were received by the Company in July 2022.

In September 2023, Company directors/officers provided the Company with cash loans of $10,000. These loans are unsecured, non-interest bearing and payable on demand any time after October 1, 2024. The Company has the right to prepay the loans at any time, without bonus or penalty.

Included in accounts payable and accrued liabilities is $618 (March 31, 2023 - $12,851) payable to entities controlled by or associated with Company directors/officers.

13. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash and accounts payable and accrued liabilities approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price if one exists.

IFRS 13 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

As at September 30, 2023 and March 31, 2023, the Company had no financial assets measured at fair value.

Risk Management

The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and New Zealand banks.

Currency Risk
The Company operates in Canada and New Zealand, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has certain corporate and administrative expenditures, exploration and evaluation expenditures and future potential financial commitments (note 11) denominated in New Zealand dollars. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at September 30, 2023, a 10% change in the New Zealand dollar (NZD) would have an immaterial impact on the Company's loss.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company's excess cash is invested in low-risk financial instruments that provide flexibility for early redemption. The Company's excess cash is subject to interest rate risk resulting from fluctuations in prime rates.

Liquidity Risk
Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund-raising activities.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand. As at September 30, 2023, the Company had cash of $299,757 (March 31, 2023 - $511,240) to settle current liabilities of $85,640 (March 31, 2023 - $143,263). The Company will need to raise additional capital to fully fund its liabilities and activities for the coming twelve-month period.

15. SUBSEQUENT EVENTS

a) On October 11, 2023, the Company's common shares commenced trading on the Canadian Securities Exchange.

b) To replace the option agreement for the Smylers Gold Project (note 11), on October 26, 2023, the Company entered into a share purchase agreement ("SPA") with Smylers Gold Ltd. ("Smylers") to acquire all of the issued shares in Hyde Resources Ltd ("Hyde"). Hyde is a New Zealand domiciled company that owns a 100 per-cent interest in the two exploration permits that comprise the Smylers Gold Project.

SUBSEQUENT EVENTS (continued)

Pursuant to the SPA, upon closing, the Company shall:

(i) Issue 3.5 million common shares in the capital of the Company to Smylers;
(ii) Grant a 2-per-cent net smelter return (NSR) royalty for the life of the Smylers Gold Project, of which 1 per cent (such that the remaining NSR shall be reduced to 1 per cent) may be purchased by the Company, at anytime, for NZ $2 million; and,
(iii) Pay $20 to Smylers for each ounce of gold produced from the Smylers Gold Project for the life of the project.

Closing of the acquisition is expected to occur during the third quarter of fiscal 2024.