SCORPIO Gold Corporation

Condensed Interim Consolidated Financial Statements

For The Nine Months Ended September 30, 2023

(UNAUDITED)

(Expressed in US dollars)

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

The accompanying unaudited interim financial statements of Scorpio Gold Corporation for the nine months ended September 30, 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in United States Dollars)

As at	Note(s)	September 30, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash		8,535	331,899
Receivables		25,639	61,881
Prepaid expenses		446,191	344,088
		480,365	**737,868**
Non-current assets			
Reclamation deposits	3	8,068,763	7,818,085
Investments		764	764
Property, plant and equipment	4	4,729,757	4,782,357
Mineral properties	5	1,164,791	1,109,254
		13,964,075	**13,710,460**
TOTAL ASSETS		**14,444,440**	**14,448,328**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 16	1,366,261	664,875
Loan payable	7	1,237,898	531,000
Warrant liability	8	-	44,195
		2,604,159	**1,240,070**
Non-current liabilities			
Convertible notes	9	2,879,746	2,519,526
Provision for environmental rehabilitation	10	6,055,463	5,862,850
		8,935,209	**8,382,376**
TOTAL LIABILITIES		**11,539,368**	**9,622,446**
SHAREHOLDERS' EQUITY			
Share capital	11	61,028,900	61,028,900
Equity portion of convertible notes	9	72,630	72,630
Foreign currency translation reserve		(194,204)	(194,204)
Other reserves		(1,729)	(1,729)
Reserves	11	7,359,621	7,359,621
Accumulated deficit		(65,360,146)	(63,439,336)
Equity attributable to owners of the Company		**2,905,072**	**4,825,882**
TOTAL SHAREHOLDERS' EQUITY		**2,905,072**	**4,825,882**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,444,440**	**14,448,328**

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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Peter Brieger Director **/s/ Chris Zerga Director**

See accompanying notes to these unaudited condensed consolidated interim financial statements.

(Expressed in United States Dollars)

		For the three months ended		For the nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022 (Restated - Note 2)
	Note(s)	$	$	$	$
Expenses (Income)					
Care and maintenance	12	493,057	691,682	1,452,252	1,719,627
Depreciation	4	8,917	13,542	33,200	42,091
Finance income	3	(86,198)	(29,081)	(250,678)	(34,850)
Finance costs	9, 14	192,413	88,322	552,833	371,431
Foreign exchange gain		(70,847)	(7,808)	(55,112)	(252,148)
Gain on disposal	4	-	-	(8,600)	(39,468)
Gain on remeasurement of warrant liability	8	-	(133,926)	(44,389)	(251,895)
Gain on settlement of convertible interest payable	2, 11	-	-	-	(65,622)
General and administrative expenses	13	44,419	127,801	241,304	327,277
Other income	15	-	(1,139,471)	-	(1,139,471)
Loss and comprehensive loss for the period		**(581,761)**	**388,939**	**(1,920,810)**	**(676,972)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.00)**	**0.02**	**(0.01)**	**(0.00)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**210,936,665**	**21,093,665**	**210,936,665**	**171,513,278**

(Expressed in United States Dollars)

	Note(s)	Share capital #	Share capital $	Equity portion of convertible notes $	Foreign currency translation reserve $	Other reserves $	Reserves $	Accumulated deficit $	TOTAL $
Balance as of December 31, 2022		**210,936,665**	**61,028,900**	**72,630**	**(194,204)**	**(1,729)**	**7,359,621**	**(63,439,336)**	**4,825,882**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(1,920,810)	**(1,920,810)**
Balance as of September 30, 2023		**210,936,665**	**61,028,900**	**72,630**	**(194,204)**	**(1,729)**	**7,359,621**	**(65,360,146)**	**2,905,072**

	Note(s)	Share capital #	Share capital $	Equity portion of convertible notes $	Foreign currency translation reserve $	Other reserves $	Reserves $	Accumulated deficit $	TOTAL $
Balance as of December 31, 2021		**117,104,189**	**53,977,362**	**6,763,160**	**(194,204)**	**(1,729)**	**7,143,018**	**(61,228,840)**	**6,458,767**
Shares issued for conversion of convertible notes	2, 11	93,832,476	7,051,538	(6,763,160)	-	-	-	-	**288,378**
Loss and comprehensive loss for the period		-	-	-	-	-	-	(676,972)	**(676,972)**
Balance as of September 30, 2022		**210,936,665**	**61,028,900**	**-**	**(194,204)**	**(1,729)**	**7,143,018**	**(61,905,812)**	**6,070,173**

(Expressed in United States Dollars)

	Note(s)	For the nine months ended September 30, 2023 $	September 30, 2022 (Restated - Note 2) $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss for the period		(1,920,810)	(676,972)
Accretion of interest of convertible notes	9	360,220	320,461
Depreciation	4	33,200	42,091
Unwinding of discount of provision for environmental rehabilitation	10	192,613	50,970
Finance income	3	(250,678)	(34,850)
Gain on disposal of assets	4	(8,600)	(39,468)
Gain on remeasurement of the warrant liability	8	(44,389)	(251,895)
Gain on settlement of convertible interest payable	11	-	(65,622)
Effects of currency exchange rate changes		(377)	(11,754)
Net changes in non-cash working capital items:			
Accounts receivable		36,242	121,069
Prepaid expenses		(102,103)	3,844
Accounts payable and accrued liabilities		701,386	(292,853)
Cash flow used in operating activities		**(1,003,296)**	**(834,979)**
INVESTING ACTIVITIES			
Acquisition costs on exploration and evaluation assets	5	(55,537)	(818,934)
Proceeds from disposal of property, plant and equipment	4	28,000	176,915
Purchase of property, plant and equipment		-	(7,850)
Cash flow used in investing activities		**(27,537)**	**(649,869)**
FINANCING ACTIVITIES			
Proceeds on issuance of convertible notes, net of cash issuance costs		-	2,350,000
Proceeds on loan payable, net of transaction costs	7	707,469	81,000
Cash flow provided by financing activities		**707,469**	**2,431,000**
Increase (decrease) in cash		**(323,364)**	**946,152**
Cash, beginning of period		**331,899**	**278,979**
Cash, end of period		**8,535**	**1,225,131**
Supplemental cash flow information			
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	10,000
Shares issued for conversion of convertible notes	2	-	7,051,538
Cash paid for income taxes		-	-
Cash paid for interest		-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Scorpio Gold Corporation (the "Company" or "Scorpio") is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol SGN. The corporate office of the Company is located at Suite 910 - 800 West Pender Street Vancouver, British Columbia V6C 2V6. The Company and its subsidiaries conduct mineral exploitation, exploration and development activities in the United States of America ("USA").

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. The Company then generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads was not economic and so ceased operations at Mineral Ridge (Note 5).

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at September 30, 2023, the Company had a working capital deficiency of $2,123,794 (December 31, 2022 – $502,202). Management estimates that these funds will not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Proposed Transactions

Acquisition of Altus Gold Corp. (the "Acquisition")
On May 18, 2023, the Company entered into a non-binding letter of intent (the "Original LOI") setting out the terms of a proposed arm's length acquisition (the "Transaction") by the Company of all of the issued and outstanding shares of Acquisition of Altus Gold Corp. ("Altus Gold"), a private mining issuer with two mineral exploration projects in Esmeralda County, Nevada. The LOI was initially amended on August 16, 2023, and then further amended on November 8, 2023 (the "Amended LOI").

In connection with Acquisition, the Company proposed to:

- Complete a 9:1 share consolidation of the common shares of the Company (the "Share Consolidation") prior to the completion of the Acquisition.

- Complete the initial financing to issue 10,000,000 units of the Company at a purchase price of CA$0.02 per unit for gross proceeds of CA$200,000 prior to the Share Consolidation. Each unit consists of one pre-consolidation common share of the Company and one common share purchase warrant of the Company, with each warrant exercisable for one pre-consolidation common share of the Company at an exercise price of CA$0.05 per share for a period of two years from the date of issuance.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Proposed Transactions (continued)

- Complete a private placement (the "CD Financing") of convertible debentures of the Company (each, a "Debenture") in the aggregate principal amount of not less than CA$1,200,000. The Debentures will bear interest at 10% per annum and will have a term of one year. The principal amount of the Debentures, including all accrued but unpaid interest will be convertible, subject to the approval of TSX-V, at the election of Company, into units, each to be comprised of one post-consolidation common share of the Company and one common share purchase warrant of the Company, at a conversion price to be determined in the context of the market. The completion of the CD Financing is conditional on:

  (i) the approval of TSX-V,
  (ii) the definitive agreement for the Acquisition having been executed, and
  (iii) completion of the Share Consolidation and two business days having passed thereafter.

- Pursuant to the Amended LOI, the Company also proposes to complete a concurrent private placement (the "Concurrent Financing") to raise aggregate gross proceeds to the Company of at least CA$2,000,000 by the issuance of post-consolidation units of the Company at a purchase price of $0.20 per unit, each unit to be comprised of one post-consolidation common share of the Company and one-half of one common share purchase warrant, each whole warrant being exercisable into one post-consolidation common share of the Company at an exercise price of CA$0.40 per share for a period of two years from the date of issuance.

Under the terms of the Amended LOI, the Company will acquire all the outstanding shares of Altus Gold in exchange for issuing to the shareholders of Altus Gold up to 21,000,000 post-consolidation common shares of the Company. The Amended LOI also contemplates that, upon completion of the Acquisition, the Board of the Company will be restructured to be comprised of five directors, two being Altus Gold nominees and three being Scorpio nominees, and Michael Townsend, current CEO of Altus Gold, will be appointed CEO of the combined entity, while Chris Zerga will become the Company's COO. The parties intend to enter into a definitive agreement that will replace and supersede the Amended LOI. The outside date for the Transaction is December 31, 2023, which may be extended by the mutual consent of the parties.

In addition, pursuant to the Original LOI, Altus Gold provided a non-interest bearing, secured loan (the "Bridge Loan") to the Company in the aggregate principal amount of CA$845,000 in connection with the Acquisition (Note 7). The Bridge Loan will be forgiven if the Company completes the Acquisition with Altus Gold. If the Acquisition does not complete, the Bridge Loan will be repayable in cash on demand by Altus Gold, or in certain circumstances, the Bridge Loan may be settled in common shares of the Company, subject to the approval of TSX-V. In the event that the settlement of the Bridge Loan in common shares is not approved by TSX-V, the Bridge Loan would remain payable in cash. If the Bridge Loan is settled in common shares, for so long as Altus Gold holds at least 5% of the Company issued and outstanding common shares (calculated on an undiluted basis), Altus Gold would have the right to appoint one nominee to the board of directors of the Company.

Financial Reporting and Disclosure during Economic Uncertainty

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2023 were approved by the Board of Directors on November 29, 2023.

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022.

Restatement of consolidated financial information for the nine months ended September 30, 2022

During the year ended December 31, 2022, the Company adjusted the fair value of the 5,194,976 common shares issued to settle its interest payment of $354,000 on the convertible notes issued during the year ended December 31, 2019; as a result of the adjustments, the Company recorded a gain on settlement of $65,622. The Company restated the financial information for the nine months ended September 30, 2022 to reflect the effect of the adjustments.

The following table summarizes the impact of the statements of loss and comprehensive loss for the nine months ended September 30, 2022 and the statements of cash flow for the nine months ended September 30, 2022:

Effect on statements of loss and comprehensive loss

	For the nine months ended September 30, 2022		
	As previously presented $	Change $	As restated $
Gain on settlement of convertible interest payable	-	65,622	65,622
Loss for the period	(742,594)	65,622	(676,972)
Total comprehensive loss	(742,594)	65,622	(676,972)

There was no impact on the statements of loss and comprehensive loss for the three months ended September 30, 2022.

Effect on statements of cash flows

	For the nine months ended September 30, 2022		
	As previously presented $	Change $	As restated $
OPERATING ACTIVITIES			
Loss for the period	(742,594)	65,622	(676,972)
Gain on settlement of convertible interest payable	-	(65,622)	65,622
Cash flow used in operating activities	(834,979)	-	(834,979)
Supplemental cash flow information			
Shares issued for conversion of convertible notes	7,117,160	(65,622)	7,051,538

There were no changes in cash flows provided by investing and financing activities.

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2023 that impacted these condensed consolidated interim financial statements.

3. RECLAMATION DEPOSITS

	$
Balance as of December 31, 2022	7,818,085
Finance income	250,678
Balance as of September 30, 2023	**8,068,763**

The Company has reclamation bonds of $14,689,517 and entered into an agreement with a surety under which the cash collateral is $7,982,565 (December 31, 2022 – $7,818,085) of which $7,798,900 (December 31, 2022 – $7,556,606) is for Mineral Ridge and $269,863 (December 31, 2022 – $261,479) is for Goldwedge.

4. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment is broken down as follows:

	Buildings $	Equipment $	Vehicles $	Furniture $	Computer $	Total $
COST						
As of December 31, 2022	3,078,725	19,001,321	277,802	12,115	821,743	**23,191,706**
Disposal	-	(26,446)	-	-	-	**(26,446)**
As of September 30, 2023	**3,078,725**	**18,974,875**	**277,802**	**12,115**	**821,743**	**23,165,260**
ACCUMULATED DEPRECIATION						
As of December 31, 2022	(2,456,662)	(14,898,006)	(244,866)	(12,115)	(797,700)	**(18,409,349)**
Addition	(8,516)	(21,628)	-	-	(3,056)	**(33,200)**
Disposal	-	7,046	-	-	-	**7,046**
As of September 30, 2023	**(2,465,178)**	**(14,912,588)**	**(244,866)**	**(12,115)**	**(800,756)**	**(18,435,503)**
Net book value as of September 30, 2023	**613,547**	**4,062,287**	**32,936**	**-**	**20,987**	**4,729,757**

During the nine months ended September 30, 2023, the Company sold equipment with a net book value of $19,400 for gross proceeds of $28,000, and accordingly recorded a gain on disposal of assets of $8,600.

During the nine months ended September 30, 2022, the Company sold equipment with a net book value of $137,447 for gross proceeds of $176,915, and accordingly recorded a gain on disposal of assets of $39,468.

(Expressed in United States Dollars)

5. MINERAL PROPERTIES

The Company's mineral properties are broken down as follows:

	$
Goldwedge	
Balance as of December 31, 2022	1,109,254
Additions	55,537
Balance as of September 30, 2023	**1,164,791**

Mineral Ridge mine
In August 2020, the Company granted an option to Titan Mining Corporation ("Titan") to earn an 80% interest in the Mineral Ridge property by spending $35,000,000 on exploration over five years. In June 2021, Titan terminated the agreement.

In determining the recoverable amount of the Mineral Ridge cash-generating unit ("CGU"), the Company determined the recoverable value using the fair value less costs of disposal using Level 3 valuation inputs. Based on its assessment the Company determined that the recoverable value using fair value less costs of disposal was $4,480,000 as at December 31, 2021. During the year ended December 31, 2021, the Company recorded non-cash impairment charges for Mineral Ridge of $375,276.

As noted above, the Company ceased operations of its heap leach pads in December 2021. Accordingly, the Company wrote-off its inventory and recorded an impairment in cost of sales for an amount of $2,263,497 during the year ended December 31, 2021.

Goldwedge property and mill
In March 2021, the Company completed an acquisition of the Manhattan project located in Nye County, Nevada and situated adjacent and proximal to the Company's Goldwedge property. In consideration, the Company paid $100,000 cash and issued 2,091,149 common shares valued at $199,062. The property is subject to a 2.0% net smelter returns royalty and certain reserved water rights.

In determining the recoverable amount of the Goldwedge CGU, the Company determined the recoverable value using the fair value less costs of disposal using Level 3 valuation inputs. Based on its assessment the Company determined that the recoverable value using fair value less costs of disposal was $2,009,000 as at December 31, 2021. During the year ended December 31, 2021, the Company recorded non-cash impairment charges for Goldwedge of $1,998,447.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of September 30, 2023 included a payable of $368,237 (CA$500,000) due to Waterton Precious Metals Fund II Cayman, LP ("Waterton") pursuant to the Termination, Redemption and Release Agreement entered between the Company and Waterton on March 4, 2019 (December 31, 2022 – $369,257 (CA$500,000)).

(Expressed in United States Dollars)

7. LOAN PAYABLE

	$
Opening	531,000
Addition	707,469
Effect of movements on exchange rates	(571)
Ending	**1,237,898**

In October 2021, the Company entered into an unsecured non-interest-bearing credit facility agreement with certain directors of the Company. Pursuant to the agreement, the Company may draw advances up to $500,000. In February 2022, the Company amended its credit facility agreement with certain directors of the Company to increase the facility from up to $500,000 to up to $750,000 and to extend the repayment date to December 31, 2022.

In addition, during the nine months ended September 30, 2023:

- The Company received the Bridge Loan of $554,333 from Altus Gold (Note 1);
- The Company received a short-term non-interest-bearing loan from one of the Company’s directors with an amount of $133,136 (CA$180,000).
- The Company received a short-term non-interest-bearing loan from the General Manager of the Company with an amount of $20,000.

As of September 30, 2023 and December 31, 2022, the balance of the loan payable was $1,237,898 and $531,000, respectively.

8. WARRANT LIABILITY

	$
Balance as of December 31, 2022	44,195
Gain on remeasurement	(44,389)
Effect of movements on exchange rates	194
Balance as of September 30, 2023	-

Share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

During the nine months ended September 30, 2023, the Company recognized a gain on remeasurement of warrant liability of $44,389 (September 30, 2022 – $251,895) in the condensed consolidated interim statements of loss and comprehensive loss by using the Black-Scholes option pricing model.

As of September 14, 2023, 37,500,000 warrants with an exercise price of $0.24 which were classified as warrant liability expired, unexercised.

(Expressed in United States Dollars)

9. CONVERTIBLE NOTES

	$
Balance as of December 31, 2022	2,519,526
Interest	360,220
Balance as of September 30, 2023	**2,879,746**

On May 26, 2022 (the "2022 Closing Date"), the Company entered into two convertible debentures agreements (the "2022 Debentures") which provides for a credit facility for up to a total of $2,450,000 (the "2022 Credit Facility") until the maturity date of December 31, 2022 (the "2022 Maturity Date") with companies owned by the Company's directors (the "Lenders"). The 2022 Debentures bear interest of 12.375% per annum compounding monthly.

The 2022 Debentures are convertible into common shares at the option of the holder at any time prior to the 2022 Maturity Date at a conversion price of $0.06 per share (the "2022 Conversion Price").

At the 2022 Closing Date, the Lenders agreed to incorporate the bridge loans (the "2022 Bridge Loan") issued to the Company on April 18, 2022, and May 20, 2022, with an amount of $450,000 and $700,000, respectively, into the 2022 Credit Facility as the first and second drawdowns, respectively.

In addition to the 2022 Bridge Loan, the Company further drew $1,200,000 during the year ended December 31, 2022 from the 2022 Credit Facility.

Using a risk-adjusted discount rate of 18%, the Company calculated and recorded the equity portion of the notes to be $72,630.

During the nine months ended September 30, 2023 the Company recorded an accretion of interest expense of $360,220 on the 2022 Debentures (September 30, 2022 – $92,538).

10. PROVISION FOR ENVIRONMENTAL REHABILITATION

The provision for environmental rehabilitation consists of mine closure, reclamation and retirement obligations for mine facilities and infrastructure. The Company has recorded the following provision for environmental rehabilitation.

	$
Balance as of December 31, 2022	5,862,850
Unwinding discount	192,613
Balance as of September 30, 2023	**6,055,463**

As of September 30, 2023 and December 31, 2022, the total undiscounted amount of estimated cash flows required to settle the provision for environmental rehabilitation at Mineral Ridge and Goldwedge is approximately $6,308,306 and $482,282, respectively.

The settlement of the obligations is estimated to occur in the future periods, for Mineral Ridge and Goldwedge, respectively. All environmental rehabilitation obligations are intended to be funded from cash balances at the time of the rehabilitation and from reclamation bonds once related rehabilitation work has been approved by the relevant authorities and related funds returned to the Company (Note 3).

(Expressed in United States Dollars)

11. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital
At September 30, 2023 and December 31, 2022, the Company had 210,936,665 common shares issued and outstanding with a value of $61,028,900.

During the nine months ended September 30, 2023, no share capital transactions occurred.

During the nine months ended September 30, 2022:

- The Company issued 5,194,976 common shares to settle its interest payment of $354,000 on the convertible notes issued during the year ended December 31, 2019. Accordingly, the Company recorded a gain on settlement of $65,622.

- The Company issued 88,637,500 common shares to satisfy the remaining principal amount of the convertible notes issued during the year ended December 31, 2019 ($7,015,000).

Stock options
The Company has a shareholder approved rolling stock option plan ("the Plan") which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors

The changes in options during the nine months ended September 30, 2023 is as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, opening	10,257,500	0.09
Expired	(357,500)	0.55
Balance, closing	**9,900,000**	**0.08**

During the nine months ended September 30, 2023, 357,500 stock options expired unexercised.

No options were granted, exercised or expired during the nine months ended September 30, 2022.

(Expressed in United States Dollars)

11. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at September 30, 2023:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 5, 2024	0.10	950,000	950,000	-	0.68
September 14, 2025	0.17	2,295,000	2,295,000	-	1.96
November 10, 2027	0.05	6,655,000	6,655,000	216,603	4.12
		9,900,000	**9,900,000**	**216,603**	**3.29**
Weighted average exercise price ($)		**0.08**	**0.08**		

12. CARE AND MAINTENANCE

	For the nine months ended	
	September 30, 2023	**September 30, 2022**
	$	**$**
Contractor	18,492	20,766
Equipment and software	5,138	4,978
Fuel and reagents	33,630	92,428
Insurance	91,899	189,190
Labour	422,726	869,068
Maintenance	389,837	673,593
Mechanical parts	327	44,703
Other	105,162	121,169
Permits and licenses	237,064	178,479
Recovery	(60,000)	(706,489)
Supplies	2,021	1,128
Travel	-	1,188
Utilities	205,956	229,426
	1,452,252	**1,719,627**

13. GENERAL AND ADMINISTRATIVE EXPENSES

	For the nine months ended	
	September 30, 2023	**September 30, 2022**
	$	**$**
Salaries and benefits (Note 16)	-	212
Consultants	140,674	133,737
Insurance, travel and office related	11,009	39,336
Investor relations	4,001	22,238
Professional fees (Note 16)	66,720	111,632
Transfer agent and filing fees	18,900	20,122
	241,304	**327,277**

(Expressed in United States Dollars)

14. FINANCE COSTS

	For the nine months ended	
	September 30, 2023	**September 30, 2022**
	$	**$**
Interest on convertible debentures (Note 9)	**360,220**	320,461
Unwinding of discount of provision for environmental rehabilitation (Note 10)	**192,613**	50,970
	552,833	**371,431**

15. OTHER INCOME

During the nine months ended September 30, 2022, the Company received the bonus consideration (the "Bonus Consideration") of $1,139,471 (CA$1,500,000) from Orla Mining Ltd. ("Orla") in connection with the letter of intent entered into with Gold Standard Ventures Corp. ("Gold Standard") on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the Bonus Consideration.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel and directors
Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary.

During the nine months ended September 30, 2023, compensation incurred to the key management are as follows:

- Chief Financial Officer – $78,858 (September 30, 2022 – $28,430);
- Former Corporate Secretary – $8,831 (September 30, 2022 – $nil);
- General Manager, the spouse of the Company CEO – $100,968 (September 30, 2022 – 100,968); and
- Former Chief Financial Officer and Corporate Secretary – $nil (September 30, 2022 – $80,000)

Amounts due to related parties
Included in trade and other payables as of September 30, 2023 is $64,864 (December 31, 2022 – $4,839) due to key management for director fees and the reimbursement of expenditures.

During the nine months ended September 30, 2023, one of the Company's directors provided a short-term loan to the Company with an amount of $133,136 (CA$180,000) (Note 7). In addition, the General Manager of the Company provided a short-term loan to the Company with an amount of $20,000 (Note 7).

(Expressed in United States Dollars)

17. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	September 30, 2023	Canada	United States
	$	$	$
Non-current assets			
Reclamation deposits	8,068,763	-	8,068,763
Investments	764	764	-
Property, plant and equipment	4,729,757	-	4,729,757
Mineral properties	1,164,791	-	1,164,791

	December 31, 2022	-	4,729,757
	$	$	$
Non-current assets			
Reclamation deposits	7,818,085	-	7,818,085
Investments	764	764	-
Property, plant and equipment	4,782,357	-	4,782,357
Mineral properties	1,109,254	-	1,109,254

18. CAPITAL MANAGEMENT

Capital is defined as equity attributable to shareholders' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize the value for its shareholders.

The Company's activities have been primarily funded so far through cash flows from operating activities and equity and debt financing based on cash needs. The Company typically sells its shares by way of private placement.

The Company manages its capital structure and determines its capital requirements in light of the changing economic conditions and the risk characteristics of its assets. To reach its objectives, the Company may need to maintain or adjust its capital structure by issuing new share capital or new debt.

At this stage of its development, it is the Company's policy to preserve cash to fund its operations and not to pay dividends.

(Expressed in United States Dollars)

19. FINANCIAL INSTRUMENTS

Fair value

The carrying values of receivables, reclamation deposits, accounts payable and accrued liabilities, and loan payable approximate their fair value due to their short-term nature. The fair value of the Company's investments and warrant liability is recorded at fair value using Level 1 and Level 3 of the fair value hierarchy, respectively. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Set out below are the Company's financial assets and financial liabilities by category:

	September 30, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	8,535	-	8,535	-
Receivables	25,639	-	25,639	-
Reclamation deposits	8,068,763	-	8,068,763	-
Investments	764	764	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,366,261)	-	(1,366,261)	-
Loan payable	(1,237,898)	-	(1,237,898)	-
Convertible notes	(2,879,746)	-	(2,879,746)	-

(Expressed in United States Dollars)

19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

	December 31, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	331,899	-	331,899	-
Receivables	61,881	-	61,881	-
Reclamation deposits	7,818,085	-	7,818,085	-
Investments	764	764	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(664,875)	-	(664,875)	-
Loan payable	(531,000)	-	(531,000)	-
Warrant liability	(44,195)	(44,195)	-	-
Convertible notes	(2,519,526)	-	(2,519,526)	-

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash, receivables and reclamation bonds. The credit risk on cash, as well as reclamation bonds is limited because the Company invests its cash and reclamation bonds in deposits with well capitalized financial institutions with strong credit ratings. Receivables on regular precious metal sales are generally received within a week after delivery. The Company has no past due accounts and has not recorded a provision for doubtful accounts.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's current policy to manage liquidity risk is to keep cash in bank accounts.

The following table outlines the expected maturity of the Company's significant financial liabilities into relevant maturity grouping based on the remaining period from the date of the statement of financial position to the contractual maturity date:

	Total $	Less than 1 year $	1 to 3 years $	4 to 5 years $	More than 5 years $
Accounts payable and accrued liabilities	1,366,261	1,366,261	-	-	-
Loan payable	1,237,898	1,237,898	-	-	-
Convertible notes	2,879,746	2,879,746	-	-	-
Provision for environmental rehabilitation (undiscounted)	6,790,588	210,267	6,316,386	160,253	103,682
	12,274,493	**5,694,172**	**6,316,386**	**160,253**	**103,682**

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 2022 Credit Facility are fixed at an interest rate of 12.375% per annum and accordingly are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to manage its exposure to interest rate risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US Dollars ("US$"). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's financial assets and liabilities are held in US$ and Canadian Dollars ("CA"); therefore, CA$ accounts are subject to fluctuation against the US Dollars.

The Company had the following balances in foreign currency as at September 30, 2023:

		US$	CA$
Cash		7,881	888
Receivables		25,639	-
Reclamation deposits		8,068,763	-
Investments		764	-
Accounts payable and accrued liabilities		(880,095)	(660,124)
Loan payable		(1,105,333)	(180,000)
Convertible notes		(2,879,746)	-
		3,237,873	**(839,236)**
	Rate to convert to $1.00 US$	1.00000	0.73647
Equivalent to US$		**3,237,873**	**(618,076)**

Based on the above net exposures as at September 30, 2023, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the US$ against the CA$ would increase/decrease comprehensive loss by $62,000.