Condensed Interim Consolidated Financial Statements

For the six months ended June 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 six months ended June 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)	June 30, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash		137,392	331,899
Receivables		8,757	61,881
Prepaid expenses		327,066	344,088
		473,215	**737,868**
Non-current assets			
Reclamation deposits	3	7,982,565	7,818,085
Investments		764	764
Property, plant and equipment	4	4,738,674	4,782,357
Mineral properties	5	1,149,224	1,109,254
		13,871,227	**13,710,460**
TOTAL ASSETS		**14,344,442**	**14,448,328**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 15	1,103,988	664,875
Loan payable	7	1,010,825	531,000
Warrant liability	8	-	44,195
		2,114,813	**1,240,070**
Non-current liabilities			
Convertible notes	9	2,752,940	2,519,526
Provision for environmental rehabilitation	10	5,989,856	5,862,850
		8,742,796	**8,382,376**
TOTAL LIABILITIES		**10,857,609**	**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		(64,778,385)	(63,439,336)
Equity attributable to owners of the Company		**3,486,833**	**4,825,882**
TOTAL SHAREHOLDERS' EQUITY		**3,486,833**	**4,825,882**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,344,442**	**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**

(Expressed in United States Dollars)

		For the three months ended		For the six months ended	
		June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
	Note(s)	**$**	**$**	**$**	**$**
Expenses					
Care and maintenance	12	431,802	461,536	959,195	1,027,945
Depreciation	4	11,492	14,174	24,283	28,549
Finance income	3	(86,198)	(5,579)	(164,480)	(5,769)
Finance costs	14	184,127	91,369	360,420	283,109
Foreign exchange (gain) loss		14,711	(251,294)	15,735	(244,340)
Gain on disposal	4	-	(16,914)	(8,600)	(39,468)
(Gain) loss on remeasurement of warrant liability	8	(1,400)	156,632	(44,389)	(117,969)
Gain on settlement of convertible interest payable	2, 11	-	(65,622)	-	(65,622)
General and administrative expenses		115,759	143,031	196,885	199,476
Loss and comprehensive loss		**(670,293)**	**(527,333)**	**(1,339,049)**	**(1,065,911)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.00)**	**(0.00)**	**(0.01)**	**(0.01)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**210,936,665**	**185,419,501**	**210,936,665**	**151,474,871**

Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(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		-	-	-	-	-	-	(1,339,049)	**(1,339,049)**
Balance as of June 30, 2023		**210,936,665**	**61,028,900**	**72,630**	**(194,204)**	**(1,729)**	**7,359,621**	**(64,778,385)**	**3,486,833**
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		-	-	-	-	-	-	(1,065,911)	**(1,065,911)**
Balance as of June 30, 2022		**210,936,665**	**61,028,900**	**-**	**(194,204)**	**(1,729)**	**7,143,018**	**(62,294,751)**	**5,681,234**

(Expressed in United States Dollars)

		For the six months ended	
	Note(s)	June 30, 2023 $	June 30, 2022 $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss		(1,339,049)	(1,065,911)
Accretion of interest of convertible notes	9	233,414	249,129
Depreciation	4	24,283	28,549
Unwinding of discount of provision for environmental rehabilitation	10	127,006	33,980
Finance income	3	(164,480)	(5,769)
Gain on disposal of assets	4	(8,600)	(39,468)
Gain on remeasurement of the warrant liability	8	(44,389)	(117,969)
Gain on settlement of convertible interest payable	11	-	(65,622)
Effects of currency exchange rate changes		3,426	(4,483)
Net changes in non-cash working capital items:			
Accounts receivable		53,124	108,836
Prepaid expenses		17,022	(11,249)
Accounts payable and accrued liabilities		439,113	(243,035)
Cash flow used in operating activities		**(659,130)**	**(1,133,012)**
INVESTING ACTIVITIES			
Acquisition costs on exploration and evaluation assets	5	(39,970)	(624,150)
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		**(11,970)**	**(455,085)**
FINANCING ACTIVITIES			
Proceeds on issuance of convertible notes, net of cash issuance costs		-	1,750,000
Proceeds on loan payable, net of transaction costs	7	476,593	81,000
Cash flow provided by financing activities		**476,593**	**1,831,000**
Increase (decrease) in cash		**(194,507)**	**242,903**
Cash, beginning of period		**331,899**	**278,979**
Cash, end of period		**137,392**	**521,882**
Supplemental cash flow information			
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	30,000
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 June 30, 2023, the Company had a working capital deficiency of $1,641,598 (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

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 Altus Gold Corp. ("Altus Gold"), a private mining issuer with two mineral exploration projects in Esmeralda County, Nevada. The LOI was amended (the "Amended LOI") on August 16, 2023, and the amended terms are as follows:

- Immediately prior to the completion of the Transaction, the Company will complete a 6:1 share consolidation.

- Altus Gold will provide a non-interest bearing, secured bridge loan of $500,000 to Scorpio Gold (the "Bridge Loan") as follows:

    - CA$500,000 pursuant to the Original LOI (received – Note 7);
    - CA$250,000 by August 15, 2023 (received); and
    - CA$250,000 by August 30, 2023.

- Altus Gold will be required to arrange a market equity financing for gross proceeds of a minimum of CA$4,000,000 through the issuance of units of the Company at a price of CA$0.20 per unit, each unit to be composed of one post-consolidation common share and one-half of one (1/2) warrant, each whole warrant to be exercisable into one post-consolidation common share at CA$0.40 per share for a period of 2 years from issuance (the "Concurrent Financing");

If the Transaction has not been completed by September 30, 2023 (the "Outside Date"), all amounts advanced by Altus Gold to the Company will be converted into pre-consolidation common shares of the Company at CA$0.05 per common share, or such greater price as is required pursuant to the policies of the TSX-V.

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

Proposed Transactions (continued)

If the Transaction has not been completed by September 30, 2023, the Outside Date may be extended at the option of Altus Gold to October 31, 2023, if, prior to such extension, Altus Gold advances a further CA$1,000,000 to the Company as a secured loan.

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 six months ended June 30, 2023 were approved by the Board of Directors on August 28, 2023.

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 six months ended June 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 six months ended June 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 six months ended June 30, 2022 and the statements of cash flow for the six months ended June 30, 2022:

Effect on statements of loss and comprehensive loss

	For the three months ended June 30, 2022		
	As previously presented $	Change $	As restated $
Gain on settlement of convertible interest payable	-	65,622	65,622
Loss for the period	(592,955)	65,622	(527,333)
Total comprehensive loss	(592,955)	65,622	(527,333)

(Expressed in United States Dollars)

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

Restatement of consolidated financial information for the six months ended June 30, 2022 (continued)

	For the six months ended June 30, 2022		
	As previously presented	**Change**	**As restated**
	$	**$**	**$**
Gain on settlement of convertible interest payable	-	65,622	65,622
Loss for the period	(1,131,533)	65,622	(1,065,911)
Total comprehensive loss	(1,131,533)	65,622	(1,065,911)

Effect on statements of cash flows

	For the six months ended June 30, 2021		
	As previously presented	**Change**	**As restated**
	$	**$**	**$**
OPERATING ACTIVITIES			
Loss for the period	(1,131,533)	65,622	(1,065,911)
Gain on settlement of convertible interest payable	-	(65,622)	65,622
Cash flow used in operating activities	(1,133,012)	-	(1,133,012)
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.

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	164,480
Balance as of June 30, 2023	**7,982,565**

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 $7,715,585 (December 31, 2022 – $7,556,606) is for Mineral Ridge and $266,980 (December 31, 2022 – $261,479) is for Goldwedge.

(Expressed in United States Dollars)

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**
Addition	-	(26,446)	-	-	-	**(26,446)**
As of June 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	(5,676)	(16,569)	-	-	(2,038)	**(24,283)**
Disposal	-	7,046	-	-	-	**7,046**
As of June 30, 2023	**(2,462,338)**	**(14,907,529)**	**(244,866)**	**(12,115)**	**(799,738)**	**(18,426,586)**
Net book value as of June 30, 2023	**616,387**	**4,067,346**	**32,936**	**-**	**22,005**	**4,738,674**

During the six months ended June 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 six months ended June 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.

5. MINERAL PROPERTIES

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

	$
Goldwedge	
Balance as of December 31, 2022	1,109,254
Additions	39,970
Balance as of June 30, 2023	**1,149,224**

5. MINERAL PROPERTIES (CONTINUED)

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 June 30, 2023 included a payable of $378,799 (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	476,593
Effect of movements on exchange rates	3,232
Ending	**1,010,825**

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 six months ended June 30, 2023:

- The Company received the Bridge Loan of $323,457 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 June 30, 2023 and December 31, 2022, the balance of the loan payable was $1,010,825 and $531,000, respectively.

Subsequent to June 30, 2023, as discussed in Note 1, the Company received CA$500,000 from Altus Gold.

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 June 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.

The warrant liability was revalued as at June 30, 2023 using the Black-Scholes option pricing model with the following assumptions: a stock price of CA$0.05 (June 30, 2022 – CA$0.07); a risk free interest rate of 3.78% (June 30, 2022 – 3.09%); an expected volatility of 40% (June 30, 2022 – 98%); an expected life of 0.20 years (June 30, 2022 – 1.2 years); a forfeiture rate of nil (June 30, 2022 – nil); an expected dividend of nil (June 30, 2022 – nil); and an exchange rate of 0.7576 (June 30, 2022 – 0.7758). As a result of the revaluation, the Company recognized a gain on remeasurement of warrant liability of $44,389 (June 30, 2022 – $117,969) in the condensed consolidated interim statements of loss and comprehensive loss during the six months ended June 30, 2023.

As of June 30, 2023 and December 31, 2022, 37,500,000 warrants with an exercise price of CA$0.24 remain outstanding. The expiry date of those warrants is September 14, 2023.

(Expressed in United States Dollars)

9. CONVERTIBLE NOTES

	$
Balance as of December 31, 2022	2,519,526
Interest	233,414
Balance as of June 30, 2023	**2,752,940**

On May 26, 2022 (the "2022 Closing Date"), the Company issued 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 six months ended June 30, 2023 the Company recorded an accretion of interest expense of $233,414 on the 2022 Debentures (June 30, 2022 – $21,236).

(Expressed in United States Dollars)

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	127,006
Balance as of June 30, 2023	**5,989,856**

As of June 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 through to 2023 and 2034, 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).

11. SHARE CAPITAL

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

Issued share capital
At June 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 six months ended June 30, 2023, no share capital transactions occurred.

During the six months ended June 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).

(Expressed in United States Dollars)

11. SHARE CAPITAL (CONTINUED)

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 six months ended June 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**	**0.07**

During the six months ended June 30, 2023, 357,500 stock options expired unexercised.

No options were granted, exercised or expired during the six months ended June 30, 2022.

The following summarizes information about stock options outstanding and exercisable at June 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	-	0.93
September 14, 2025	0.17	2,295,000	2,295,000	-	2.21
November 10, 2027	0.05	6,655,000	6,655,000	216,603	4.37
		9,900,000	**9,900,000**	**216,603**	**3.54**
Weighted average exercise price ($)		**0.08**	**0.08**		

12. CARE AND MAINTENANCE

	For the six months ended	
	June 30, 2023	**June 30, 2022**
	$	**$**
Contractor	5,547	5,024
Fuel and reagents	28,817	73,204
Labour	309,327	629,996
Mechanical parts	(4,614)	31,227
Other	665,118	971,931
Recovery	(45,000)	(683,437)
	959,195	**1,027,945**

(Expressed in United States Dollars)

13. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended	
	June 30, 2023	June 30, 2022
	$	$
Salaries and benefits (Note 15)	-	212
Consultants	103,700	82,896
Insurance, travel and office related	7,935	26,976
Investor relations	2,742	19,139
Professional fees (Note 15)	66,720	68,328
Transfer agent and filing fees	15,788	1,925
	196,885	**199,476**

14. FINANCE COSTS

	For the six months ended	
	June 30, 2023	June 30, 2022
	$	$
Interest on convertible debentures (Note 9)	**233,414**	249,129
Unwinding of discount of provision for environmental rehabilitation (Note 10)	**127,006**	33,980
	360,420	**283,109**

15. 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 six months ended, the salaries and benefits incurred to the key management are as follows:

- Chief Financial Officer – $54,761 (June 30, 2022 – $nil);
- Former Corporate Secretary – $8,831 (June 30, 2022 – $nil);
- General Manager, the spouse of the Company CEO – $67,312 (June 30, 2022 – $67,312); and
- Former Chief Financial Officer and Corporate Secretary – $nil (June 30, 2022 – $80,000)

Amounts due to related parties
Included in trade and other payables as of June 30, 2023 is $45,427 (December 31, 2022 – $4,839) due to key management for director fees and the reimbursement of expenditures.

During the six months ended June 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 the amount of $20,000 (Note 7).

(Expressed in United States Dollars)

16. 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:

	June 30, 2023 $	Canada $	United States $
Non-current assets			
Reclamation deposits	7,982,565	-	7,982,565
Investments	764	764	-
Property, plant and equipment	4,738,674	-	4,738,674
Mineral properties	1,149,224	-	1,149,224

	December 31, 2022 $	- $	4,738,674 $
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

17. 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)

18. 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:

	June 30, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	137,392	-	137,392	-
Receivables	8,757	-	8,757	-
Reclamation deposits	7,982,565	-	7,982,565	-
Investments	764	764	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,103,988)	-	(1,103,988)	-
Loan payable	(1,010,825)	-	(1,010,825)	-
Convertible notes	(2,752,940)	-	(2,752,940)	-

(Expressed in United States Dollars)

18. 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	1,103,988	1,103,988	-	-	-
Loan payable	1,010,825	1,010,825	-	-	-
Warrant liability	-	-	-	-	-
Convertible notes	2,752,940	2,752,940	-	-	-
Provision for environmental rehabilitation (undiscounted)	6,790,588	210,267	6,316,386	160,253	103,682
	11,658,341	**5,078,020**	**6,316,386**	**160,253**	**103,682**

18. 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 June 30, 2023:

	US$	CA$
Cash	133,120	5,639
Receivables	8,757	-
Reclamation deposits	7,982,565	-
Investments	764	-
Accounts payable and accrued liabilities	(660,512)	(585,371)
Loan payable	(874,457)	(180,000)
Convertible notes	(2,752,940)	-
	3,837,297	**(759,732)**
Rate to convert to $1.00 US$	1.00000	0.75760
Equivalent to US$	**3,837,297**	**(575,572)**

Based on the above net exposures as at June 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 $58,000.