Stratabound MINERALS CORP.

Condensed Interim Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, Stratabound Minerals Corp. discloses that its auditors have not reviewed the condensed interim consolidated financial statements for the six months ended June 30, 2023 and 2022.

Stratabound Minerals Corp.
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2023 and December 31, 2022

		June 30, 2023		December 31, 2022
Assets				
Current assets				
Cash	$	59,661	$	1,369,179
Marketable securities (Note 3)		36,000		36,000
Subscription deposit receivable		-		25,000
Prepaid expenses		172,790		202,132
Term deposits		30,224		30,223
Sales tax receivable		53,348		49,995
Total current assets		352,023		1,712,529
Non-current assets				
Property and equipment		148,915		152,322
Land held in Mariposa, CA		7,149,546		7,149,546
Mineral exploration and evaluation assets (Note 4)		18,710,421		18,033,637
Total assets	$	26,360,905	$	27,048,034
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 6, Note 10)	$	2,394,643	$	2,584,850
Loans payable (Note 5)		3,845,667		3,917,893
Total current liabilities		6,240,310		6,502,743
Non-current liabilities				
Rehabilitation provision (Note 4)		14,174		14,066
Total liabilities	$	6,254,484	$	6,516,809
Shareholders' equity				
Share capital (Note 7)	$	38,939,662	$	38,720,420
Contributed surplus (Note 7)		4,033,446		3,948,442
Deficit		(22,866,687)		(22,137,637)
Total shareholders' equity	$	20,106,421	$	20,531,225
Total liabilities and shareholders' equity	$	26,360,905	$	27,048,034

Going concern (Note 2)
Commitments and contingencies (Notes 5 and 10)

Approved on behalf of the Board of Directors

Director *"Hashim Ahmed"* Director *"R. Kim Tyler"*

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

Stratabound Minerals Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2023 and 2022

	Three months ended		Six months ended	
	2023	2022	2023	2022
Expenses				
General and administrative (Note 6)	$ 186,228	$ 487,584	$ 454,215	$ 888,965
Share-based compensation (Note 6, 7)	42,502	80,411	85,004	160,822
Finance costs (Note 5)	146,223	106,460	290,354	247,258
Loss (gain) on foreign exchange	(106,291)	92,659	(103,853)	49,918
Accretion and amortization	1,665	2,393	3,330	4,250
Total expenses	270,327	769,507	729,050	1,350,713
Loss from operations before the undernoted	270,327	769,507	729,050	1,350,713
Unrealized loss on marketable securities (Note 3)	-	36,000	-	54,000
Loss and comprehensive loss for the period	$ 270,327	$ 805,507	$ 729,050	$ 1,404,713
Basic and diluted loss per share	$ 0.001	$ 0.005	$ 0.003	$ 0.008
Weighted average number of shares:				
Basic and diluted	218,967,921	176,682,785	217,297,918	176,067,900

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

Stratabound Minerals Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six Months Ended June 30, 2023 and 2022

	Number of issued and outstanding shares	Share capital	Contributed surplus	Accumulated other compreh-ensive loss	Deficit	Shareholders' equity
		$	$	$	$	$
Balance at December 31, 2021	175,226,206	36,898,934	3,327,923	(69,000	(19,120,581)	21,037,276
Share-based compensation	-	-	160,822	-	-	160,822
Shares issued in respect of E&E properties	2,114,535	163,893	-	-	-	163,893
Share issue costs	-	(2,375)	-	-	-	(2,375)
Comprehensive loss for the period	-	-	-	-	(1,404,713)	(1,404,713)
Balance at June 30, 2022	177,340,741	37,060,452	3,488,745	(69,000)	(20,525,294)	19,954,903
Balance at December 31, 2022	214,582,216	38,720,420	3,948,442	-	(22,137,637)	20,531,225
Shares issued in private placements	2,000,000	100,000	-	-	-	100,000
Share-based compensation	-	-	85,004	-	-	85,004
Shares issued in respect of E&E properties	2,394,631	122,332	-	-	-	122,332
Share issue costs	-	(3,090)	-	-	-	(3,090)
Comprehensive loss for the period	-	-	-	-	(729,050)	(729,050)
Balance at June 30, 2023	218,976,847	38,939,662	4,033,446	-	(22,866,687)	20,106,421

Stratabound Minerals Corp.
Condensed Interim Consolidated Statements of Cash Flow
For the three and six months ended June 30, 2023 and 2022

	Three months ended		Six months ended	
	June, 30 2023	June 30, 2022	June 30, 2023	June 30, 2022
Operating activities				
Loss for the period	$ (270,327)	$ (805,507)	$ (729,050)	$ (1,404,713)
Items not affecting cash:				
Share-based payments	42,502	80,411	85,004	160,822
Marketable securities – market value adjustment	-	36,000	-	54,000
Finance costs	146,223	106,460	290,354	247,258
Amortization and accretion	1,665	2,393	3,330	4,250
Change in non-cash working capital	73,263	255,300	245,313	276,551
Net cash used in operations	(6,674)	(324,943)	(105,049)	(661,832)
Investing activities				
Acquisition of option on Golden Culvert (Note 4)	(175,000)	-	(195,100)	-
Acquisition of option on McIntyre Brook (Note 4)	(11,000)	(50,000)	(123,000)	(95,000)
Expenditures on mineral exploration and evaluation assets (Note 4)	(130,188)	(615,044)	(743,190)	(884,502)
Property carrying costs	(46,220)	(86,866)	(46,220)	(86,866)
Government assistance received (Note 4)	18,000	18,000	68,000	18,000
Redemption of term deposits	-	2,000,000	-	3,250,000
Purchase of term deposits	-	(1,000,000)	-	(3,000,000)
Net cash used in investing activities	(344,408)	266,090	(1,039,510)	(798,368)
Financing activities				
Interest paid	(65,680)	(56,460)	(161,869)	(197,258)
Share issue costs	(545)	(1,549)	(3,090)	(2,375)
Net cash from financing activities	(66,225)	(58,009)	(164,959)	(199,633)
Change in cash	(403,959)	(116,862)	1,369,179	(1,659,833)
Cash - beginning of the period	463,620	1,118,854	(1,309,518)	2,661,825
Cash - end of the period	$ 59,661	$ 1,001,992	59,661	1,001,992

1. Corporate information

Stratabound Minerals Corp. ("Stratabound" or "the Company") is in the business of acquiring and exploring mineral properties in North America. Stratabound was incorporated under the Business Corporations Act (Alberta) on March 5, 1986, and is listed on the TSX Venture Exchange, having the symbol TSX.V: SB, as a Tier 2 mining issuer and is in the process of exploring its optioned Golden Culvert property in the Yukon Territory, its mineral properties in the province of New Brunswick, and its Fremont property in Mariposa County, California.

Stratabound has the following Canadian and US wholly owned subsidiaries (collectively with Stratabound, "the Company"):

- California Gold Mining Inc. (CAD)
- California Gold Mining Inc. (US)
- Fremont Gold Mining LLC (US)

The address of the Company's principal office is 100 King Street West, Suite 5700, Toronto, Ontario, Canada, M5X 1C7.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2023.

2. Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation made by the International Financial Reporting Standards Interpretation Committee ("IFRIC"). These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

b) Basis of measurement and going concern

The business of exploring for mineral resources involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable operations. The Company's ability to repay its loans, to meet its obligations arising from exploration and development activity and to provide working capital for normal operations is dependent upon the existence of economically recoverable reserves; the ability of the Company to continue to secure financial support from the public market; the ability to complete future equity financing; as well as the ability to generate future profitable production or proceeds from the disposition of its properties. The Company has a history of losses, with an accumulated deficit

2. Basis of preparation – continued

of $22,866,687 (December 31, 2022 - $22,137,637) and a working capital deficiency of $5,888,287 (December 31, 2022 - $4,790,214) as at June 30, 2023. The Company is dependent on its ability to raise additional funds through equity financing in order to meet the Company's current liabilities and continue exploring its mineral resources. As there is no assurance the Company will be successful in these efforts, these conditions result in material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of Stratabound and its wholly owned subsidiaries. The financial statements of subsidiaries, including entities which the Company controls, are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

d) Currency translation

The condensed interim consolidated financial statements are presented in Canadian dollars ("CDN") which is also the functional currency of the parent and its subsidiaries.

3. Marketable securities

The Company holds an investment in Jaeger Resources Inc. The investment is recorded at its quoted market value.

Continuity of investment in Jaeger Resources Inc.		
Balance at December 31, 2021 (3,600,000 shares)	$	108,000
Increase in fair value		(72,000)
Balance at December 31, 2022 (3,600,000 shares)	$	36,000
Decrease in fair value		-
Balance at June 30, 2023 (3,600,000 shares)	$	36,000

4. Mineral exploration and evaluation assets

Continuity of mineral exploration and evaluation assets		
Balance at December 31, 2021	$	14,924,852
Acquisition, renewal and exploration costs		2,485,130
Shares issued for mineral exploration rights (Note 12)		441,155
Government assistance received		(30,000)
Option payments		212,500
Balance at December 31, 2022	$	18,033,637
Acquisition, renewal and exploration costs		304,352
Shares issued for mineral exploration rights (Note 12)		122,332
Government assistance received		(68,000)
Option payments		318,100
Balance at June 30, 2023	$	18,710,421

The mineral exploration and evaluation assets of the Company consist of the following claim groups:

a) Golden Culvert, Yukon Territory

The Company has the option to acquire 100% ownership of the Golden Culvert and Little Hyland properties (collectively, Golden Culvert) comprising certain mineral claims in the Little Hyland Valley District of the Southeastern Yukon Territory.

The 2022 final payments for Golden Culvert and Little Hyland were made as scheduled, with the exception of the 50% cash portion of the Golden Culvert payment. The Company and the optionors agreed to defer the cash portion of the payment of $175,000 to 2023, subject to an 8% per annum late payment penalty. As of December 31, 2022 the Company has earned a 40% interest in the Golden Culvert and 100% interest in the Little Hyland claims and Rubus claims respectively. The final $175,000 cash payment was made in April 2023 upon which the Company now holds 100% interest in all claim groups. The 2022 payments totaled $100,000 in cash and 5,962,577 common shares of the Company, recorded at their quoted market value of $268,317.

4. Mineral exploration and evaluation assets - continued

Exercise of the options also required fulfillment of work requirements of $350,000 at each of the Golden Culvert and Little Hyland properties during the period ending December 12, 2022. The Golden Culvert work commitment was fulfilled during 2018 and the Little Hyland work commitment was fulfilled during 2022. The claims are subject to net smelter royalties ("NSR") aggregating to 2.5%.

The Company has a rehabilitation provision of $14,174 (December 31, 2022 - $14,066) for trenching performed on the property. This rehabilitation must be completed by the year 2026.

During 2021, the Company expanded the Golden Culvert claim group by completing a transaction to acquire 100% of the mineral rights to the Win property. In connection with this acquisition, the Company issued 117,300 common shares valued at their quoted market value of $28,152 and made a payment to the optionors of $13,400.

Exercise of the Win option requires $35,000 of exploration expenditures before the first anniversary of the option agreement, which was completed in 2022. Maintenance and exercise of the option will require the following annual payments:

- 2022 - $13,400 – payment made
- 2023 - $20,100 – payment made
- 2024 - $20,100
- 2025 - $26,800
- 2026 - $40,200

Upon completion of all payments and expenditures up to the third anniversary payment, the Company will have earned a 50% interest in the property, and upon completion of the fifth anniversary payment, the Company will have earned a 100% interest in the property.

The Win property is subject to a 2% NSR on production; however, the Company may re-purchase 1.5% (1.5% of the 2% NSR) for $1,500,000 at increments of $500,000 per 0.50% NSR.

The carrying value of the Golden Culvert property claim group at June 30, 2023 is $6,744,772 (December 31, 2022 - $6,605,842).

b) Bathurst, New Brunswick

The Company holds a 100% interest in certain units and one mining lease in the Bathurst base metal mining camp in New Brunswick, Canada. The properties include the CNE/Captain and Taylor Brook (see Note 6) claim groups. All are subject to 1% NSR on production, with the exception of a portion of the CNE/Captain Group, which is royalty free.

During the year ended December 31, 2017, the Company granted Jaeger Resources Corp. an option to acquire an 80% interest in the Taylor Brook claim, which is a part of the Bathurst Group CGU, in exchange for 1,000,000 shares of Jaeger Resources Inc. Pursuant to the

4. Mineral exploration and evaluation assets - continued

agreement and through amendments to the term of the option, the Company received an additional 2,600,000 shares of Jaeger Resources Inc., of which 1,600,000 were received in 2019. Jaeger Resources Inc. has until February 2024 to complete the required cumulative expenditures on the property. Upon acquisition by Jaeger Resources Inc. of its 80% interest in the property when all requirements are met, the Company could elect within 90 days to continue in a joint venture with Jaeger Resources Inc., buy back 40% ownership from Jaeger Resources Inc. for an amount equal to 150% of the exploration expenditures and renewal payments incurred by Jaeger Resources Inc., or transfer the remaining interest in exchange for a 3% net smelter return royalty.

The carrying value of the Bathurst properties at June 30, 2023 is $598,321 (December 31, 2022 - $598,321).

c) McIntyre Brook, New Brunswick

During 2019, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre Gold Project. At closing, the Company issued 300,000 common shares to the Optionors recorded at their quoted market value of $18,000. During 2020, the Company expanded its original McIntyre Brook property as follows:

i) Acquisition of the McIntyre-Moose Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the McIntyre-Moose Brook property, which is adjacent to the original McIntyre Brook property, by issuing 500,000 common shares, recorded at their quoted market value of $40,000.

ii) Acquisition of the Gold Brook property

During February 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Gold Brook property, which is adjacent to the original McIntyre Brook property, by issuing 90,000 common shares, recorded at their quoted market value of $7,200.

iii) Expansion of the initial McIntyre Brook property

In November 2020, the Company completed an amendment to the initial McIntyre Brook property acquisition to acquire additional claims adjacent to the original McIntyre Brook claim. The Company agreed to issue 200,000 common shares, recorded at their quoted market value of $60,000.

iv) Acquisition of the Tardif Brook property

During October 2020, the Company completed a transaction to acquire 100% of the mineral rights to the Tardif Brook property, which is adjacent to the original McIntyre Brook property, by issuing 200,000 common shares, recorded at their quoted market value of $60,000.

4. Mineral exploration and evaluation assets - continued

v) Additional expansion of the McIntyre Brook Property

In May 2022, the Company completed acquisitions certain claims located adjacent to and east of the Company's existing McIntyre Brook claims. On acquisition, the Company made a cash payment of $40,000 and issued 1,761,000 common shares, recorded at their quoted market value of $132,075. Subsequent payments on the first, second, third and fourth anniversaries of $164,000, $209,000, $246,500 and $285,500 respectively, are required to maintain the Options, $865,000 of which may be paid at the Company's election up to 50% in shares. Upon completion of the fourth anniversary payments Stratabound will have earned 100% ownership in the claims. Stratabound has the option to accelerate the payments to exercise the Options sooner if it so desires. The Company has also agreed to pay the owners a 2% NSR royalty on production from the claims of which may be bought back in increments of $1,000,000 for each 1% of the NSR. All the Options have a provision for performance payments upon completing the following milestones:

- a one-time cash payment of $25,000 upon a Positive Preliminary Economic Assessment
- a one-time cash payment of $50,000 upon a Positive Feasibility Study
- a one-time cash payment of $100,000 upon Commercial Production

Exercise of the McIntyre Brook options will require fulfillment of the following work requirements:

- 2021 - $10,000 – completed in 2021
- 2022 - $15,000 – completed in 2022
- 2023 - $20,000
- 2024 - $15,000

Maintenance and exercise of the McIntyre Brook options will require the following future annual payments:

- 2021:
    i) $75,000, with the option to pay up to $30,000 with common shares
    ii) 100,000 common shares
        - The Company has made payments of $67,500 in cash and issued 183,334 common shares of the Company, recorded at their quoted market value of $16,000. All annual payments for 2021 have been made.
- 2022:
    i) $115,000, with the option to pay up to $42,500 with common shares
    ii) 50,000 common shares
        - The Company has made payments of $72,500 in cash and issued 532,433 common shares of the Company, recorded at their quoted market value of $40,763. All annual payments for 2022 have been made.
- 2023:
    i) $309,000, with the option to pay up to $134,500 with common shares
    ii) 50,000 common shares

4. Mineral exploration and evaluation assets - continued

- At June 30, 2023, the Company has made payments of $123,000 in cash and issued 2,394,631 common shares recorded at their quoted market value of $122,332.

- 2024:
  i) $319,000, with the option to pay up to $159,500 with common shares

- 2025:
  i) $236,500, with the option to pay up to $118,250 with common shares
- 2026:
  i) $275,500, with the option to pay up to $137,750 with common shares

Upon completion of the anniversary payments the Company will have earned 100% ownership in the McIntyre Brook claim group. This claim group is subject to the following NSR on production:

- McIntyre Brook – This claim group is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $1,000,000 or increments of $500,000 per 0.50% NSR;
- McIntyre-Moose Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR;
- Gold Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000 or increments of $500,000 per 0.50% NSR;
- Tardif Brook - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase the NSR for either $2,000,000 or increments of $100,000 per 0.50% NSR;
- Tardif Lake South - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook – With the exception of two claims (9743 and 10349) this claim group is subject to a 2% NSR on production; claims 9743 and 10349 are subject to a 1% NSR on production; however, the Company may re-purchase 1% of the NSR (being 100% of the 1% NSR on claims 9743 and 10349, plus one-half of the 2% NSR of the remaining claims) for $1,000,000;
- Ramsay Brook Central - This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook Cobalt – This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Portage – This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Ramsay Brook Cobalt East - This claim group is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;
- Greys Gulch – This claim is subject to a 2% NSR on production; however, the Company may re-purchase 1% (one-half of the 2% NSR) for $1,000,000;

The carrying value of the McIntyre Brook property is $1,595,887 (December 31, 2022 - $1,318,247).

4. Mineral exploration and evaluation assets - continued

d) Fremont Property, California, USA

On August 16, 2021, the Company acquired 3,351 acres of land, and the corresponding mineral rights, in Mariposa County, California, known as the Fremont Property, as part of its acquisition of California Gold Mining Inc. The land package is a fee simple interest, subject to a 3% NSR. On acquisition, the land was valued at $7,149,546 and the mineral exploration and evaluation assets were valued at $7,867,658.

The carrying value of the Fremont Property exploration and evaluation assets is $9,727,375 (December 31, 2022 - $9,469,873).

e) Dingman Property, Ontario

On August 16, 2021 the Company also acquired certain mineral claims located in both Madoc and Marmora Townships known as the Dingman Property as part of its acquisition of California Gold Mining Inc. (Note 15). The claims are in good standing until 2025. The Dingman property is subject to a 2% NSR royalty, half of which may be purchased by Stratabound at any time for $250,000.

The carrying value of the Dingman Property is $44,066 (December 31, 2022 - $41,354).

5. Loans payable

As part of the acquisition of California Gold Mining Inc. (Note 15), the Company assumed the loans that were payable by California Gold Mining Inc. and its subsidiaries. At June 30, 2023, the loans consisted of:

$3,145,667 ($2,375,881 USD) – owed to Romspen Investment Corporation. This loan matures on June 30, 2023 and is secured and in first position against the Company's Fremont Gold property in Mariposa County, California. The loan bears interest at 12% per annum. During 2022, the loan maturity was extended from June 30, 2022 to June 30, 2023, for consideration of $11,879 and the warrants owned by Romspen Investment Corporation were repriced to exercise at $0.085/share, and the expiry date was extended to June 30, 2023. No adjustment was made to record the value of the warrant extension as it was not significant.

$700,000 – owed to R.W. Tomlinson Ltd., a related party by virtue of the Chief Executive Officer of R.W. Tomlinson Ltd. being a director and shareholder of the Company. This loan is past maturity and due on demand, and bears interest at 14% per annum plus default interest of 5% compounding monthly on any unpaid balances past the maturity date. It is secured against the Company's Fremont Gold property in Mariposa County, California, subordinated with respect to the Romspen Investment Corporation loan.

No principal debt repayments were made during 2023 or 2022.

6. Key management compensation and related-party transactions

Compensation awarded to key management included non-cash stock-based compensation of $80,000 (2022 - $151,000) along with consulting fees of $171,498 (2022 - $171,498). Key management includes the Company's officers and directors.

Included in accounts payable and accrued liabilities at June 30, 2023 is $89,158 (December 31, 2022 - $25,519) owing to officers and directors of the Company. The amounts are unsecured, non-interest bearing and due on demand and are related to unpaid consulting fees.

$177,177 is included in accounts payable and accrued liabilities that is owed to R.W. Tomlinson Ltd. in respect of expenses paid on behalf of California Gold Mining Inc. R.W. Tomlinson Ltd. is also owed $452,974 (December 31, 2022 - $355,955) in interest payable with respect to the loan payable (Note 5).

7. Share capital

a) Authorized

Unlimited number of common shares, without nominal or par value.

b) Common shares

		Number of shares		Amount
Balance at December 31, 2021		175,226,206	$	36,898,934
Shares issued - private placements	(i)	31,100,000		1,399,500
Shares issued - exploration and evaluation assets	(ii)	8,256,010		441,155
Share issue costs		-		(19,169)
Balance at December 31, 2022		214,582,216	$	38,720,420
Shares issued - private placements	(iii)	2,000,000		100,000
Shares issued – exploration and evaluation assets	(iv)	2,394,631		122,322
Share issue costs		-		(3,090)
Balance at June 30, 2023		218,976,847	$	38,939,652

i) During 2022 the Company closed the following non-brokered private placements:

a. During December 2022, the Company closed a private placement consisting of 31,100,000 units. Each common share unit was comprised of one common share and one common share purchase warrant for $0.05/unit, with gross proceeds raised of $1,555,500. Each whole warrant entitles the holder to purchase one common share of the Company at $0.07 per share for a period of two years from the date of issue. The warrants were valued using the residual difference between the share issuance price and the quoted market price, with a total warrant value of $155,500 for this issuance. Key management and entities controlled by key management subscribed for $1,520,000 of the total placement.

ii) During 2022, the Company issued shares in exchange for mineral and exploration rights as follows:

7. Share capital – continued

a. In February 2022, the Company issued 353,535 common shares, valued at their market price of $31,818, in connection with the McIntyre Brook property option.
b. In May 2022, the Company issued 1,761,000 common shares, valued at their market price of $132,075, in connection with the McIntyre Brook expansion.
c. In October 2022, the Company issued 47,620 common shares, valued at their market price of $2,381, in connection with the Tardif Brook property option.
d. In November 2022, the Company issued 50,000 common shares, valued at their market price of $2,500, in connection with the McIntyre Brook property option.
e. In November 2022, the Company issued 81,278 common shares, valued at their market price of $4,064, in connection with the Tardif Brook property option.
f. In December 2022, the Company issued 3,794,366 common shares, valued at their market price of $170,747, in connection with the Golden Culvert property option.
g. In December 2022, the Company issued 2,168,211 common shares, valued at their market price of $97,570, in connection with the Little Hyland property option.
c. In December 2022, the Company issued 2,011,200 common shares, valued at their quoted market price of $191,064, in connection with the Golden Culvert property option.

iii) During 2023 the Company closed the following non-brokered private placement:

a. During March 2023, the Company closed a private placement consisting of 2,000,000 units. Each common share unit was comprised of one common share and one common share purchase warrant for $0.05/unit, with gross proceeds raised of $100,000. Each whole warrant entitles the holder to purchase one common share of the Company at $0.07 per share for a period of two years from the date of issue. There was no allocation made to the warrants as there was no residual balance..

iv) During 2023, the Company issued shares in exchange for mineral and exploration rights as follows:

a. In February 2023, the Company issued 952,038 common shares, valued at their market price of $52,365, in connection with the McIntyre Brook property option.
b. In March 2023, the Company issued 1,239,505 common shares, valued at their market price of $59,815, in connection with the McIntyre Brook property option.
c. In April 2023, the Company issued 203,043 common shares, valued at their market price of $10,142, in connection with the McIntyre Brook property option.

7. Share capital – continued

c) Warrants

The following table summarizes the warrant transactions:

	Number of warrants		Weighted average price
Balance at December 31, 2021	28,033,909	$	0.300
Expired during the year	(22,387,309)		0.314
Issued during the year – private placements	31,100,000		0.070
Balance at December 31, 2022	36,746,600	$	0.0963
Expired during the period	(300,000)		0.085
Issued during the period – private placements	2,000,000		0.070
Balance at June 30, 2023	38,446,600	$	0.0950

The following table summarizes the warrants outstanding at June 30, 2023:

Warrants outstanding		Exercise price	Expiry date
713,249		0.250	October 26, 2023
4,633,351		0.250	November 10, 2023
31,100,000		0.070	December 21, 2024
2,000,000		0.070	March 9, 2025
38,446,600	$	0.0950	

In June 2022, the Company extended and re-priced 300,000 warrants held by Romspen. The warrants initially expired November 6, 2022, with an exercise price of $0.15. The warrants were extended to June 30, 2023, and re-priced to their market value of $0.085.

d) Stock options

The Company has a stock-based compensation plan for its key officers, directors, employees and consultants. Up to 10% of the issued and outstanding shares may be reserved for issuance under the plan. The fair value of each option, for the most recent option grant, was estimated using the Black-Scholes option pricing model for the issuance of options was $0.049 using the following assumptions: weighted average life of 5 years; risk-free rate of 3.60; expected volatility of 140%; and, a dividend yield of 0%. All options granted in the most recent option grant vest 50% in year 1 and 50% in year 2; however, as the forfeiture of options in a one-year period was deemed unlikely, a forfeiture rate of 0% was used. The Company granted 5,350,000 options during 2022, including 5,250,000 to officers and directors.

7. Share capital - continued

The following table summarizes the stock option transactions:

	Number		Weighted average exercise price
Outstanding at December 31 2021	12,125,000	$	0.169
Granted	5,350,000		0.055
Expired	(800,000)		0.227
Outstanding at December 31, 2022	16,675,000	$	0.130
Granted	-		-
Expired	-		-
Outstanding at June 30, 2023	16,675,000	$	0.130

The following table summarizes the options outstanding at June 30, 2023:

Options outstanding		Exercise price	Expiry date
1,000,000		0.100	July 16, 2024
300,000		0.100	January 16, 2025
800,000		0.100	May 19, 2025
3,500,000		0.250	September 28, 2025
100,000		0.250	October 22, 2025
300,000		0.220	November 3, 2025
5,325,000		0.130	August 18, 2026
5,350,000		0.055	October 17, 2027
16,675,000	$	0.130	

8. Financial instruments and risk management

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them during 2023 unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's financial controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

8. Financial instruments and risk management - continued

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk:

i) Foreign currency risk;
ii) Interest rate risk;
iii) Commodity price risk; and,
iv) Equity price risk.

The Company is exposed to foreign currency risk in that some of its accounts payables and loans are denominated in a foreign currency. Management believes that the Company is not exposed to significant foreign currency risk. In addition, the Company is exposed to equity price risk as a result of its marketable securities (Note 3). The Company is not exposed to interest rate risk as the interest rate on its debt is fixed. Management monitors the equity price of the investment to manage its exposure to the equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk include cash and term deposits. Cash is maintained with financial institutions and may be redeemed upon demand. The financial institutions are considered reputable and creditworthy institutions.

The carrying amount of cash, term deposits, and receivables represents the maximum credit exposure. The Company has gross credit exposure at June 30, 2023 and December 31, 2022 of $95,661 and $1,424,402, respectively. Management considers that all financial assets held are of good credit quality, and therefore credit risk is not considered significant.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company’s policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

Typically, the Company ensures that it has sufficient cash to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

8. Financial instruments and risk management - continued

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities and loans payable in conjunction with its daily cash position.

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, term deposits, subscription deposit receivable, loans payable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Marketable securities are measured at fair value as the balance is derived from quoted prices in an active market.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's marketable security is based on quoted prices and is therefore considered to be Level 1. There was no movement between levels during the current or previous fiscal years.

9. Capital management

The Company considers its capital to be comprised of share capital, contributed surplus, and accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to maintain a sufficient capital base to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities.

In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise additional funds from time to time as required. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The

9. Capital management - continued

Company's capital management objectives, policies and processes have remained unchanged during 2023 and 2022.

The Company is not exposed to any externally imposed capital requirements, except when the Company issues flow-through shares for which an amount should be used for exploration work. No other capital requirements are imposed by a lending institution or regulatory body, other than the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

10. Commitments and contingencies

Nature of operations

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Title

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through share indemnification

In connection with flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments. The Company's most recent flow-through financing was in 2021.

10. Commitments and contingencies - continued

Mineral exploration and evaluation assets

Certain of the company's mineral exploration and evaluation assets are subject to option agreement payments, other payments and commitments, and royalties. See note 4.

Litigation

The Company is exposed to several lawsuits, related to matters that existed when it acquired California Gold Mining Inc. These matters include:

- Claims from suppliers of California Gold Mining Inc.'s former hemp business, totalling $1,214,000 USD. The Company believes its maximum potential exposure to these claims is $1,085,000 ($856,000 USD).
- Claim from the former CEO of California Gold Mining Inc. alleging wrongful dismissal and unpaid amounts, totalling $617,184. The Company believes that its maximum exposure to this claim is not significant. The Company has filed a counter-claim in respect of this lawsuit seeking compensation and punitive damages in the amount of $736,000.
- Claim from the former landlord of California Gold Mining Inc. with respect to an unfulfilled lease contract. The Company believes that its maximum exposure to this claim is $140,000, being the amount awarded in a summary judgment provided in favour of the landlord.

The Company's estimated liability from the above of $1,400,000 has been accrued at June 30, 2023 and included in the accounts payable and accrued liabilities on the balance sheet.