

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month periods ended June 30, 2023 and 2022

(expressed in United States dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Gold79 Mines Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Financial Position

(expressed in U.S. dollars)

	June 30, 2023 $	December 31, 2022 $
Assets		
Current assets		
Cash	173,215	431,959
Amounts receivable (note 4)	9,626	11,881
Prepaid expenses	28,274	72,335
	211,115	516,175
Reclamation deposit (note 5)	12,980	12,980
Exploration and evaluation assets (note 6)	4,805,352	4,473,767
	4,818,332	4,486,747
Total assets	5,029,447	5,002,922
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	128,665	85,461
Total liabilities	128,665	85,461
Shareholders' equity		
Capital stock (note 9)	18,592,582	18,488,756
Share subscriptions (note 9)	53,815	-
Warrants (note 9)	444,232	1,026,024
Contributed surplus (note 9)	6,617,987	5,989,730
Accumulated deficit	(20,749,237)	(20,524,317)
Accumulated other comprehensive loss	(58,597)	(62,732)
Total shareholders' equity	4,900,782	4,917,461
Total liabilities and shareholders' equity	5,029,447	5,002,922

Going concern (note 1)

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

Approved by the Board of Directors:

(signed) "Gary Thompson"
Director

(signed) "Paul Carrêlo"
Director

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in U.S. dollars)

	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Expenses				
Promotion and annual meeting costs	20,338	75,949	54,308	136,768
Regulatory authority and transfer agent fees	8,004	8,496	14,683	15,157
Professional fees	15,482	16,785	26,974	34,773
General and administrative	65,720	74,225	128,955	167,737
Net loss for the period	(109,544)	(175,455)	(224,920)	(354,435)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to operations				
Currency translation differences	2,266	(7,908)	4,135	6,264
Total comprehensive loss for the period	(107,278)	(183,363)	(220,785)	(348,171)
Net loss per common share:				
Basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding:				
Basic and diluted	175,694,805	144,207,427	174,815,077	144,152,139

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

Gold79 Mines Ltd.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(expressed in U.S. dollars)

	Capital stock		Share Subscriptions	Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	$	$	#	$	$	$	$	$
Balance, December 31, 2022	173,925,574	18,488,756	-	66,621,517	1,026,024	5,989,730	(20,524,317)	(62,732)	4,917,461
Private placement of units (note 9)	7,000,000	109,887	-	7,000,000	46,465	-	-	-	156,352
Share issue costs	-	(6,061)	-	-	-	-	-	-	(6,061)
Share subscriptions received (note 9)	-	-	53,815	-	-	-	-	-	53,815
Expiry of warrants (note 9)	-	-	-	(28,296,250)	(628,257)	628,257	-	-	-
Net loss for the period	-	-	-	-	-	-	(224,920)	-	(224,920)
Currency translation differences	-	-	-	-	-	-	-	4,135	4,135
Balance, June 30, 2023	180,925,574	18,592,582	53,815	45,325,267	444,232	6,617,987	(20,749,237)	(58,597)	4,900,782
Balance, December 31, 2021	144,096,236	17,945,716	-	58,154,882	1,148,136	5,659,225	(20,019,971)	(65,320)	4,667,786
Shares issued for mineral properties (note 6)	632,400	21,063	-	-	-	-	-	-	21,063
Expiry of warrants (note 9)	-	-	-	(4,400,000)	(61,535)	61,535	-	-	-
Net loss for the period	-	-	-	-	-	-	(354,435)	-	(354,435)
Currency translation differences	-	-	-	-	-	-	-	6,264	6,264
Balance, June 30, 2022	144,728,636	17,966,779	-	53,754,882	1,086,601	5,720,760	(20,374,406)	(59,056)	4,340,678

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(expressed in U.S. dollars)

	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Cash provided by (used in)				
Operating activities				
Net loss for the period	(109,544)	(175,455)	(224,920)	(354,435)
Change in non-cash working capital items:				
Amounts receivable	274	(6,453)	2,255	15,620
Prepaid expenses	(2,322)	46,810	44,061	210,360
Accounts payable and accrued liabilities	41,321	7,140	39,149	(87,355)
	(70,271)	(127,958)	(139,455)	(215,810)
Investing activities				
Exploration and evaluation assets (note 6)	(64,518)	(179,096)	(327,530)	(671,701)
Financing activities				
Issuance of common shares and warrants (note 9)	156,352	-	156,352	-
Share subscriptions received (note 9)	53,815	-	53,815	-
Share issue costs	(6,061)	-	(6,061)	-
	204,106	-	204,106	-
Effect of exchange rate changes on cash	2,266	(7,908)	4,135	6,264
Net change in cash	71,583	(314,962)	(258,744)	(881,247)
Cash - Beginning of period	101,632	446,091	431,959	1,012,376
Cash - End of period	173,215	131,129	173,215	131,129

Supplemental cash flow information (note 14)

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

(expressed in U. S. dollars)

1. Nature of operations and going concern

General information

Gold79 Mines Ltd. (referred to herein collectively with its subsidiaries as the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in North America. The Company has not determined whether the properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Gold79 Mines Ltd. is publicly listed on the TSX Venture Exchange in Canada under the ticker symbol "AUU" and on the OTCQB Venture Market in the United States under the ticker symbol "AUSVF". The Company's registered office is located at Manotick (Ottawa), Ontario, K4M 1A3, Canada, where it is domiciled.

Going concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and whether the use of accounting principles relating to a going concern is appropriate. From inception to date, the Company has incurred losses from operations and experienced negative cash flows from operating activities. As at June 30, 2023, the Company had cash totalling $173,215 and had working capital of $82,450. Existing funds on hand at June 30, 2023 will not be sufficient to support the Company's needs for cash to conduct planned exploration on its projects, to maintain its property interests in good standing and to continue operations during the coming year. The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. On June 9 and July 26, 2023, the Company closed a private placement in two tranches, raising gross proceeds of $344,837 (CDN$459,314) (see notes 9 and 15). The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, capital and exploration requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation and presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable to interim periods, including International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2022 and 2021, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on August 28, 2023.

Basis of presentation and consolidation

Pursuant to a resolution passed by the directors of the Company on July 28, 2020, the Company changed its name to Gold79 Mines Ltd. which became effective August 5, 2020. On July 27, 2020, the Company continued from the laws of Canada under the *Canada Business Corporations Act* to the Province of British Columbia under the *Business Corporations Act (British Columbia)*. The continuance was approved by shareholders of the Company at the annual and special shareholder meeting held on June 30, 2020. On July 24, 2020, the Company closed the amalgamation agreement for the acquisition of Territory Metals Corp. ("Territory") with the Company's wholly-owned subsidiary, 1251498 B.C. Ltd. and Territory amalgamating to become a wholly-owned subsidiary of the Company named Territory Metals Ltd.

The Company was originally incorporated under the *Business Corporations Act (Ontario)* by Articles of Amalgamation dated July 12, 1988. On June 9, 2006 shareholders approved the continuation of the Company under the *Canada Business Corporations Act*. On December 16, 2005, the Company acquired all of the issued and outstanding shares of Au Martinique Inc. ("Au Martinique") which had been operating since October 27, 2003. The share exchange was accounted for as a reverse take-over with Au Martinique deemed to be the acquiror for accounting purposes.

On May 4, 2010, Aura Resources Mexico S.A. de C.V. was incorporated as a wholly-owned Mexican subsidiary. On August 6, 2020, Gold79 Holding One Corp., was incorporated as a wholly-owned British Columbia, Canada subsidiary in order to hold the shares of its wholly-owned subsidiary Gold79 USA Corp., incorporated in Nevada, USA on August 7, 2020. Gold79 USA Corp. was established to hold mineral claims and conduct exploration programs associated with the Company's US based exploration projects.

These consolidated financial statements include the assets, liabilities and expenses of Gold79 Mines Ltd. and its wholly-owned subsidiaries Gold79 Holding One Corp., Gold79 USA Corp., Territory Metals Ltd., Au Martinique (which is inactive) and Aura Resources Mexico S.A. de C.V. All inter-company balances and transactions have been eliminated upon consolidation.

Critical accounting estimates, judgments and estimation uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of exploration and evaluation assets; the valuation of all equity instruments including flow-through share premiums, warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment regarding the following factors, among others: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and for evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

During the six month period ended June 30, 2023, management determined that there were no indicators of impairment with respect to its exploration and evaluation assets.

Valuation of equity instruments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the probable life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern considerations
These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years beginning on or after January 1, 2023. They are not applicable or do not have a significant impact to the Company.

4. Amounts receivable

Amounts receivable of $9,626 (December 31, 2022 - $11,881) is comprised of harmonized sales tax (HST) receivable.

5. Reclamation deposit

The Company's reclamation deposit comprises a bond in the amount of $12,980 held by the Arizona Bureau of Land Management Arizona State Office with respect to the Gold Chain project. This restricted cash deposit will be returned to the Company upon successful completion of reclamation at the Gold Chain project or after the bond is replaced by another bond related to a change in activity at the project site.

(expressed in U. S. dollars)

6. Exploration and evaluation assets

	Gold Chain (Arizona, USA)	Jefferson Canyon (Nevada, USA)	Tip Top Gold (Nevada, USA)	Total
Balance, December 31, 2021	$ 1,014,303	$ 709,676	$ 1,871,234	3,595,213
Cash paid for purchase of patented claims	250,000	-	-	250,000
Cash option payments	50,000	28,937	25,000	103,937
Shares issued for property interests	48,000	21,063	-	69,063
Claim staking, renewal and maintenance	60,833	12,131	26,212	99,176
Cash option payments received	-	- 125,000	-	(125,000)
Geology	186,069	10,926	2,872	199,867
Geophysical survey	200,428	-	-	200,428
Drilling and related permitting	7,532	73,551	-	81,083
Balance, December 31, 2022	$ 1,817,165	$ 731,284	$ 1,925,318	$ 4,473,767
Cash option payments	10,000	-	25,000	35,000
Claim staking, renewal and maintenance	9,140	-	-	9,140
Geology	52,419	-	-	52,419
Geophysical survey	2,056	-	-	2,056
Drilling and related permitting	232,970	-	-	232,970
Balance, June 30, 2023	$ 2,123,750	$ 731,284	$ 1,950,318	$ 4,805,352

Gold Chain - Arizona, USA

On July 30, 2018, the Company entered into a letter agreement for an option to acquire a 100% interest in the Gold Chain project located in Mohave County, Arizona. The initial project comprised 93 Bureau of Land Management lode mining claims in western Arizona, where work conducted by prior operators has indicated the property is prospective for gold. On February 4, 2019, the Company completed a definitive agreement with the vendors of the Gold Chain project incorporating all of the terms of the letter agreement and other standard industry terms. In May 2020 and July 2023, the Company and the vendors entered into amended option agreements which adjusted future cash and share payments and extended the timing of future payments. Consideration payable to earn a 100% interest in the project is payable in annual instalments over a ten-year period from inception and consists of a total of $565,000 in cash; 300,000 common shares; and, a value of $348,000 payable in common shares as detailed below.

Date of payment	Cash $	Common Shares #	Value of Common Shares $
Execution of the letter agreement (paid)	30,000	-	-
Upon final TSX-V approval (shares issued March 2019)	-	150,000	-
On or before July 30, 2019 (paid July 2019)	20,000	150,000	-
On or before July 30, 2020 (paid July 2020)	40,000	-	60,000
On or before July 30, 2021 (paid July 2021)	30,000	-	48,000
On or before July 30, 2022 (paid July 2022)	30,000	-	48,000
On or before July 30, 2023 (paid July 2023)	15,000	-	48,000
On or before July 30, 2024	25,000	-	48,000
On or before July 30, 2025	55,000	-	48,000
On or before July 30, 2026	60,000	-	48,000
On or before July 30, 2027	100,000	-	-
On or before July 30, 2028	160,000	-	-
Totals	565,000	300,000	348,000

During July and August 2023, the Company paid $15,000 cash and issued 2,062,548 common shares to the vendors valued at $48,000. During July 2022, the Company paid $30,000 cash and issued 2,130,537 common shares to the vendors valued at $48,000.

The vendors of the property hold a 2% net smelter return royalty (NSR) on gold and silver. The Company has the right to buy down the NSR in increments of 1% by paying the vendors the sum of $1 million for each 1% of the NSR at any time prior to completion of the first year of commercial production. Additionally, the vendors will be entitled to a bonus cash payment equivalent to $1.00 per ounce of gold estimated in any resource category determined in a Preliminary Economic Assessment compliant with National Instrument 43-101. Any cash bonus payment that becomes payable will be creditable toward amounts due under the NSR agreement.

Following initial evaluation of the historical technical data base for the Gold Chain project and a field visit during the fall of 2018, an additional 14 claims were staked to cover newly interpreted structural projections, bringing the total project claims to 107. These additional claims fall into an area of interest defined in the letter agreement. During January and May of 2021, the Company staked 254 new claims and during January 2023 staked 18 additional claims expanding the total land position to comprise 379 unpatented claims.

On May 13, 2021, the Company entered into a definitive lease and option to purchase agreement related to a block of patented claims, known as the Banner Group, covering 93 acres internal to the Company's pre-existing Gold Chain claim block. The definitive agreement provides up to a twenty year option period to purchase a 100% interest in the patented claims. A cash option payment of $10,000 was paid upon signing of the definitive agreement and annual cash payments are payable until the option to purchase the claims is exercised. These payments are $10,000 for the first five years ($10,000 paid April 2023); $15,000 for years six to 10; and $20,000 for years 11 to 19. The Company has the option, prior to commercial production, to purchase a 100% interest in the Banner Group claims for $1.5 million subject to a 1% NSR.

On September 23, 2021, the Company entered into a definitive lease and option to purchase agreement related to a block of patented claims, known as the Tyro Group, covering 57.4 acres internal to the Company's pre-existing Gold Chain claim block. The definitive agreement provides up to a twenty year option period to purchase a 100% interest in the patented claims. A cash payment of $30,000 (including a $20,000 signing bonus) was paid upon signing of the definitive agreement and annual cash payments are payable until the option to purchase the claims is exercised. These payments are $10,000 for each of the first five years (an initial $10,000 was paid in 2021 and $10,000 was paid during September 2022); and, $15,000 for each of years six to 19. The Company has the option, prior to commercial production, to purchase a 100% interest in the Tyro Group claims for $500,000. The Tyro Group claims are subject to a 1% NSR with the Company having a right of first refusal with respect to any sale of the NSR.

On January 12, 2022, the Company completed the purchase of the Sheep Trail group of patented claims. This patented ground, covers 113.2 acres and is immediately east of the Banner patented claims and now forms part of the Gold Chain project. Consideration provided for the purchase consisted of a cash payment of $250,000. There are no royalties associated with these claims and there are no further payments owing to the vendor of these patented claims.

Jefferson Canyon - Nevada, USA

On May 31, 2019, the Company entered into a definitive option agreement with Thorsen-Fordyce Merchant Capital Inc. ("Thorsen") and TF Minerals (USA) Inc. (together, the "TF parties") relating to the Jefferson Canyon gold-silver project located in Nye County, Nevada. The agreement covers 57 unpatented claims located approximately nine kilometres northeast of Kinross's Round Mountain gold mine. On May 29, 2020, the Company and the TF parties entered into an amended option agreement which extended the timeframe for certain cash payments and exploration expenditures.

Under the terms of the amended option agreement the Company can earn a 100% interest in 28 claims forming part of the Jefferson Canyon property held directly by the TF parties by making: (i) an initial common share payment to the TF parties valued at $25,000 upon receipt of TSX Venture Exchange approval (670,000 common shares and cash of $275 paid during June 2019); (ii) seven additional annual payments valued at $25,000 each on May 31, 2020, through 2026, which may be paid in common shares and/or cash at the option of the Company; and, (iii) a cash payment by May 31, 2027, of $200,000. During June 2022, the Company issued 632,400 common shares valued at $21,063 and cash of $3,937 related to the 2022 anniversary payment. As at June 30, 2023, all required annual payments have been made.

Additionally, under the terms of the definitive option agreement, the Company has assumed responsibility for an underlying option agreement, initiated in September 2015, between Thorsen and an individual claim holder whereby Thorsen has the right to earn a 100% interest in 29 claims comprising the balance of the Jefferson Canyon project. The underlying agreement requires annual advance royalty payments by the September 14 anniversary through to 2030 or until exercise of the option to purchase. Annual advance royalty payments total $425,000 ($5,000 was paid by Thorsen with a balance of $420,000 due at initiation of the option agreement). The annual advance royalty payment schedule comprises $10,000 due September 2019 (paid), $15,000 in 2020 (paid), $20,000 in 2021 (paid), after which the annual payment increases by $5,000 per year until 2026 and is followed by four annual payments of $50,000 for 2027 to 2030. In September 2022, the Company paid $25,000 in cash with respect to the annual advance royalty payment. The option to acquire a 100% interest in the 29 claims is exercisable at any time during its term, up until March 14, 2032, by paying a purchase price of $500,000. Any advance royalty payments paid and the purchase price are creditable against future net smelter return royalties payable.

The Company is responsible for annual claim maintenance fees and committed to minimum exploration work expenditures of $100,000 by the third anniversary of the agreement on May 31, 2022 that was met in 2020. Additionally, the 28 claims held by the TF parties are subject to a 3% net smelter return royalty and the 29 underlying claims are also subject to a 3% NSR. Each of these NSR obligations are subject to separate buyback provisions whereby up to 2% of each NSR can be purchased by the Company for $1 million for each 1%.

On October 13, 2022, the Company entered into an Exploration and Option Agreement (“Agreement”) with Kinross Gold USA Inc., a wholly owned subsidiary of Kinross Gold Corporation (together, "Kinross"), on its Jefferson Canyon Gold-Silver project located in Nevada, USA. The term of the Agreement is four years commencing from receipt of the pending drill permit, with a potential extension of up to two years, subject to certain conditions.

Under the terms of the Agreement, Kinross is required to pay the Company an annual lease payment of $75,000 and a $50,000 signing bonus. These initial payments totalling $125,000 were received on October 27, 2022. Kinross is also required to spend $600,000 in exploration work on the property or pay the amount of any shortfall to the Company should they not spend the required amount by the time the Agreement expires. Additionally, Kinross will be responsible for annual payments on existing option agreements and annual payments to keep the unpatented claims in good standing.

During the term of the Agreement, upon satisfying the minimum exploration expenditure requirement, Kinross has the option to acquire 70% of the project for a cash payment of $5,000,000 to the Company after which a joint venture LLC would be formed. Kinross has a second option to acquire an additional 10% of the project for a further payment of $5,000,000 to the Company. If either of these options are exercised and a joint venture is formed, if either party’s interest is diluted to 10% or less, it shall relinquish its interest to the other party in return for a 1% net smelter return royalty.

Tip Top Gold - Nevada, USA

On July 24, 2020, the Company closed an amalgamation agreement for the acquisition of Territory. Territory's key asset is the Tip Top Gold project comprised of 22 unpatented mining claims (at the time of acquisition) covering approximately 173 hectares located in Esmeralda County, Nevada USA. The Tip Top Gold project is subject to an agreement of purchase and sale whereby the Company had the right to acquire a 100% interest in the project. To complete the acquisition of a 100% interest, the Company was required to issue the vendor shares equal to a value of $175,000 on or before May 12, 2021 (2,388,750 common shares issued on May 11, 2021), and pay an amount of $25,000 in cash on each of the first, second and third anniversaries of May 12, 2021 ($25,000 paid April 2023). The vendor retains a 1% net smelter return royalty on the property and the Company is obligated to pay the vendor a cash payment of $200,000 within 30 days of completion of a bankable feasibility study on the Tip Top Gold project. The Company may purchase the NSR royalty at any time by paying the vendor $1 million.

During September 2020, the Company staked 121 additional claims at the Tip Top Gold project. This new staking increased the land position from 22 claims to a total of 143 claims covering approximately 1,062 hectares in total area.

Greyhound - Nunavut, Canada

During June 2006, the Company initiated its Greyhound project in the central Churchill region of Nunavut, Canada, staking 10 claims for a total of 10,451 hectares. From 2008 to 2011, the Company increased its land holdings in the Whitehills area to a total of 57 claims comprising over 55,000 hectares. Since that time, a total of 42 claims have lapsed. Currently, the Company holds 15 claims covering approximately 15,123 hectares. Of these claims, 13 are subject to a joint operating agreement with Agnico Eagle Mines Limited ("Agnico Eagle") (see below). These 13 claims have been converted to mining leases under Nunavut Mining Regulations.

During June 2014, the Company entered into a definitive option agreement with Agnico Eagle which allowed Agnico Eagle to earn an interest in 13 claims comprising the majority of the Greyhound project. Under the terms of the option agreement, over the first three years of the agreement, Agnico Eagle had the exclusive right to earn an undivided 51% ownership interest by meeting annual commitments that totalled CDN$210,000 in cash payments to the Company and incurring CDN$1,750,000 in exploration work expenditures on the project.

Agnico Eagle completed all requirements to earn a 51% interest effective June 1, 2017. From June 1, 2017 forward, the 13 claims became subject of a joint operating agreement between the Company and Agnico Eagle. Work programs are to be established by a management committee comprised of one representative from each of the Company and Agnico Eagle. If either party to the joint operating agreement fails to fund its pro-rata share of approved exploration programs its interest in the project will be diluted on a pro-rata basis.

If any party's interest in the project falls below 10% then that party will forfeit their 10% interest and in return will receive a 2% NSR. The other party may at any time purchase one-half of the NSR, namely a 1% NSR, for an amount of CDN$2,000,000. Agnico Eagle is the operator of the project.

Prior to the option agreement with Agnico Eagle, as at March 31, 2014, the Company had recorded a full impairment charge with respect to the exploration and evaluation assets associated with the Greyhound project.

As at June 30, 2023, the Company's ownership interest in the Greyhound project was 32.3%.

Taviche - Oaxaca, Mexico

The Company held a 20% free-carried interest in the Taviche project located in Oaxaca State, Mexico. The Taviche project is comprised of the Higo Blanco concession covering 986 hectares and is subject to a 1.5% NSR held by Maverix Metals Inc. and a 1% NSR in favour of the Mexican Geological Service.

During January 2019, the Company entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum would acquire an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum (received April 2019); (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of $80,000 (cash of $39,452 received April 2019); and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project. During January 2021, Minaurum announced that it had entered into an option agreement for the Taviche project with Fortuna Silver Mines Inc. Fortuna's Mexican subsidiary is operator of the project.

Additionally, the Company granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN$1,000,000. Until exercise of this option, the Company's 20% interest was free-carried with no obligation to co-finance project costs and was not subject to dilution.

On August 17, 2022, Minaurum exercised its exclusive option to acquire the remaining 20% interest in the Taviche project. Upon completion of the option exercise in accordance with its terms and along with certain other transactions between the parties, the Company paid CDN$800,000 for a full and final release regarding any claims associated with the project to Minaurum. This resulted in net cash received of $152,178 (CDN$200,000) during 2022, in addition to a full and final release regarding any claims in respect of the Taviche project.

7. Accounts payable and accrued liabilities

	June 30, 2023 $	December 31, 2022 $
Trade accounts payable	100,854	53,461
Accrued liabilities	27,811	32,000
	128,665	85,461

8. Promissory notes

On August 12, 2022, the Company entered into unsecured promissory note agreements for up to CDN$230,000 in aggregate for loans from officers of the Company. The promissory notes bore interest at a rate of 10% per annum and were repayable on demand with earlier repayment at the option of the Company. Accrued interest on promissory notes was only paid on money loaned to the Company and was disclosed as a general and administrative expense in the statement of operations and comprehensive loss. There were no other payments, securities or warrants associated with these promissory notes. On November 11, 2022, the Company settled the promissory notes in full with a cash payment of $66,397 which included accrued interest of $1,849.

(expressed in U. S. dollars)

9. Capital stock

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value, and an unlimited number of preference shares, having no par value, in one or more series with the rights, privileges and conditions as determined by the Board of Directors at the time of issuance.

Issued

On June 2, 2023, the Company announced the initiation of a non-brokered private placement financing with amended terms to raise gross proceeds of up to CDN$1,000,000, comprising 33,333,333 units (each a "unit"), at CDN$0.03 a unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.05 per share for a period of 24 months following the date of issuance. On June 8, 2023, the Company closed the first tranche of this private placement, issuing a total of 7,000,000 units for total gross proceeds of $156,352 (CDN$210,000). During June 2023, the Company received share subscriptions and cash of $53,815 (CDN$71,749) relating to this placement.

On November 18, 2022 the Company closed a private placement financing issuing 27,066,401 units at CDN$0.035 per unit for gross proceeds of $710,291 (CDN$947,324). Each unit consisted of one common share of the Company and one whole common share purchase warrant. Each warrant issued entitles the holder to purchase one common share of the Company at a price of CDN$0.05 per share until November 18, 2025. In connection with the private placement, the Company paid eligible finders cash commissions of $10,129 (CDN$13,843) and an aggregate of 395,500 finders' warrants. Each finders' warrant entitles the finder to acquire one common share having the same terms as the warrants issued to investors.

On June 15, 2022, the Company issued 632,400 common shares valued at $21,063 for the fourth anniversary payment with respect to the Jefferson Canyon project (see note 6). On July 29, 2022, the Company issued 2,130,537 common shares valued at $48,000 for the fourth anniversary payment with respect to the Gold Chain project (see note 6).

Warrants

During June 2023, the Company issued 7,000,000 warrants in connection with a private placement. These warrants are exercisable at CDN$0.05 per share and expire on June 8, 2025. These warrants were recorded at a value of $46,465. These warrants will be callable during the 24-month period, at the option of the Company, in the event that the 20-day volume-weighted average price of the Company's common shares meet or exceeds $0.08 for ten consecutive trading days based on trades on the TSX Venture Exchange and Alternative Trading Systems. Subscribers will be notified of the call provision being triggered and will have a 30-day period to exercise the warrants.

During November 2022, the Company issued 27,066,401 warrants in connection with a private placement. These warrants are exercisable at CDN$0.05 per share and expire on November 18, 2025. These warrants were recorded at a value of $204,204. In addition, 395,500 broker warrants exercisable at CDN$0.05 per share expiring November 18, 2025 were issued to finders. These broker warrants were valued at $4,189. The warrants will be callable during the 36 month period, at the option of the Company, in the event that the 20-day volume-weighted average price of the Company's common shares meet or exceeds CDN$0.08 for ten consecutive trading days based on trades on the TSX Venture Exchange and Alternative Trading Systems. Subscribers will be notified of the call provision being triggered and will have a 30-day period to exercise the warrants.

During April 2023, a total of 28,296,250 warrants exercisable at CDN$0.08 and CDN$0.12 expired. During November 2022, a total of 1,456,600 warrants exercisable at CDN$0.15 expired. During July 2022, a total of 13,138,666 warrants exercisable at CDN$0.10 expired. During May of 2022, a total of 4,400,000 warrants exercisable at CDN$0.07 expired.

The fair value of warrants has been estimated using the Black-Scholes option pricing model and this value has been presented as a separate component of shareholders' equity. The assumptions used for the valuation of warrants during fiscal 2023 and 2022 were as follows:

	2023	2022
Expected volatility	100%	112%
Expected life (in years)	2	3
Risk-free interest rate	4.6%	3.7%
Expected dividend yield	0%	0%

As at June 30, 2023, details with respect to outstanding warrants are as follows:

Number	Exercise price	Expiry
7,000,000	CDN $0.05	June 8, 2025
27,461,901	CDN $0.05	November 18, 2025
10,863,366	CDN $0.10	December 15, 2024
45,325,267		

Compensation options and compensation option warrants

The Company has previously provided compensation options to agents who refer investors to the Company. Compensation options are exercisable into equity instruments having the same attributes as those purchased by the referred investor. On May 29, 2022, a total of 96,000 compensation options exercisable at CDN$0.05 per share expired. As at June 30, 2023, no compensation options remain outstanding.

Stock options

On July 8, 2005, the Company's shareholders approved the creation of the Company's stock option plan (the "Fixed Plan"). Eligible participants in the Plan include directors, officers, employees and consultants to the Company. The exercise price of the options granted under the Plan is fixed by the Board of Directors but may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the shares at the time the option is granted. Options granted under the Fixed Plan typically have a five year life subject to earlier expiry upon the termination of the optionee's employment or the optionee ceasing to be a director or officer of the Company. The vesting period of options is determined by the Board of Directors at the time of grant. On June 27, 2019, disinterested shareholders of the Company approved an amendment to the Fixed Plan to increase the maximum number of common shares reserved for issuance under the Plan from 1,940,000 to 3,700,000.

On June 30, 2020, Company shareholders approved the new Stock Option Plan 2020 (the "10% Rolling Plan"). The features of the 10% Rolling Plan are similar to the Fixed Plan except that the maximum number of stock options issuable under the 10% Rolling Plan are equal to 10% of the Company's outstanding common shares from time to time. In combination, stock options issuable under the Fixed Plan and the 10% Rolling Plan cannot exceed 10% of the Company's outstanding common shares.

Activity with respect to stock options is summarized as follows:

	Number	Weighted-average exercise price CDN $	Expiry
Balance, December 31, 2020	8,210,000	0.09	April 2022 to September 2030
Granted	3,600,000	0.09	July 2026 to February 2031
Balance, December 30, 2021	11,810,000	0.09	April 2022 to February 2031
Expired	(460,000)	0.35	April 2022
Balance, December 31, 2022 and June 30, 2023	11,350,000	0.08	June 2024 to February 2031

As at June 30, 2023 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price CDN $	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	Expiry
0.05	1,200,000	0.9	1,200,000	0.9	June 4, 2024
0.08	6,050,000	7.2	6,050,000	7.2	August 29, 2030
0.085	3,100,000	3.0	3,100,000	3.0	July 1, 2026
0.10	500,000	7.6	500,000	7.6	February 12, 2031
0.11	500,000	7.2	500,000	7.2	September 24, 2030
	11,350,000	5.4	11,350,000	5.4	

As at December 31, 2022, a total of 11,350,000 stock options were exercisable.

During the six month period ended June 30, 2023, the Company recorded a total of $Nil (2022 - $Nil) related to stock based compensation with respect to stock options. As at June 30, 2023, no balance remains to be expensed relating to past stock option grants. Stock based compensation amounts are included in shareholders' equity as contributed surplus.

10. Related party transactions and compensation of key management and directors

Key management includes all persons named or performing the duties of Chief Executive Officer, President, Chief Financial Officer, Vice-President and the directors of the Company. Compensation awarded to key management and directors included:

	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Management and director fees	67,222	78,330	148,568	194,218

As at June 30, 2023, a total of $88,622 (December 31, 2022 - $47,945) is included in accounts payable and accrued liabilities with respect to amounts for compensation and expenses due to Company officers and directors. During August 2022, the Company entered into promissory note agreements for loans from officers of the Company (see note 8). A company controlled by the Company's Chief Financial Officer also provides bookkeeping, accounting and administrative services to the Company. For the six month period ended June 30, 2023, a total of $12,278 (six months ended June 30, 2022 - $2,615) was charged for bookkeeping, accounting and administrative services.

The Company has management service agreements with each of its Chief Executive Officer, Chief Financial Officer, Vice President Exploration and its Executive Chairman which provide for a payment upon termination without cause. The Chief Executive Officer would be entitled to twelve months' compensation equivalent to CDN$120,000. The Chief Financial Officer would be entitled to a lump sum of CDN$60,000. The Vice President Exploration would be entitled to a lump sum of $60,000. The Executive Chairman would be entitled to twelve months' compensation equivalent to CDN$60,000.

The service agreements for the Chief Executive Officer, Chief Financial Officer, Vice President Exploration and Executive Chairman also provide that under certain conditions, including a change in control of the Company, that each of these individuals would be entitled to a lump sum payment. With respect to the Chief Executive Officer and Executive Chairman, these payments are equivalent to twenty-four months of compensation equivalent to CDN$240,000 and CDN$120,000, respectively. The Chief Financial Officer would be entitled to a lump sum of CDN$120,000 and the Vice President Exploration would be entitled to a lump sum of $120,000.

11. Financial instruments and risk management

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at December 31, 2022. There have been no changes in the Company's risk management policies or procedures since the year end.

12. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's exploration activities are focused on projects in the United States and Canada; therefore, any exploration and evaluation assets would be located in those countries.

13. Capital structure

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	4,055	18,968	4,055	18,968
Common shares issued for exploration and evaluation assets	-	21,063	-	21,063

15. Subsequent events

Private placement
On July 26, 2023, the Company closed the second tranche of a non-brokered private placement (see note 9) raising gross proceeds of $188,485 (CDN$249,314), issuing a total of 8,310,457 units at $0.03 per unit. Each unit consists of one common share of the Company and one whole common share purchase warrant. A total of 8,310,457 warrants were issued in the second tranche, with each warrant entitling the holder to purchase one common share of the Company at a price of $0.05 per share until July 26, 2025. In connection with the second tranche of the private placement, a cash finder fee of CDN$210 was paid and 7,000 finder warrants were issued. The finder warrants are exercisable at $0.05 per share and expire on July 26, 2023.