Southern Arc
MINERALS INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southern Arc Minerals Inc.

Opinion

We have audited the financial statements of Southern Arc. Minerals Inc. ("the Entity"), which comprise:

- the statements of financial position as at June 30, 2023 and June 30, 2022;
- the statements of net loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023 and June 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has incurred operating losses and negative cash flows to date, has no current sources of revenues and has not secured any additional financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 10 to the financial statements which explains that certain comparative information presented for the year ended June 30, 2022 has been adjusted. Note 10 explains the reason for the adjustments and also explains the adjustments that were applied to adjust certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the "Material Uncertainty related to Going Concern" section of the auditor's report, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. Other information comprises:

– the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is James Barron, CPA, CA.

Vancouver, Canada
October 31, 2023

SOUTHERN ARC MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at		**June 30, 2023**		**June 30, 2022**
Assets				
Current				
Cash	$	183,800	$	1,045,281
Receivables		8,584		9,970
Prepaid expenses and other deposits (Note 6)		17,735		18,106
Investments (Note 3)		252,828		76,662
		462,947		1,150,019
Furniture and equipment (Note 4)		2,627		3,435
Total assets	**$**	**465,574**	**$**	**1,153,454**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	39,798	$	49,871
		39,798		49,871
Deferred gain on investment (Note 3)		29,249		-
Total liabilities		69,047		49,871
Shareholders' equity				
Capital stock (Note 5)		78,577,429		78,577,429
Treasury stock (Note 5)		(1,170,000)		(1,170,000)
Equity reserve		12,219,119		12,204,724
Accumulated other comprehensive loss		(512,056)		(209,083)
Deficit		(88,717,965)		(88,299,487)
Total shareholders' equity		396,527		1,103,583
Total liabilities and shareholders' equity	**$**	**465,574**	**$**	**1,153,454**

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issuance on October 30, 2023:

On behalf of the Board of Directors

"John Proust" Director   *"Morris Klid"* Director

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF NET LOSS
(Expressed in Canadian dollars, except share amounts)

For the years ended		June 30, 2023		June 30, 2022
Expenses				
Depreciation (Note 4)	$	808	$	808
Foreign exchange (gain) loss		(34,280)		17,723
Investor relations		2,784		2,444
Management fees (Note 6)		220,000		240,000
Office and miscellaneous (Note 6)		70,832		78,509
Professional fees		53,869		87,919
Transfer agent and filing fees		20,320		18,945
		(334,333)		(446,348)
Other income (expense)				
Interest and other income		15,160		1,311
Realized and unrealized loss on investments (Note 3)		(92,814)		(954,383)
Amortization of deferred gain on warrants (Note 3)		7,904		-
		(69,750)		(953,072)
Net loss for the year	**$**	**(404,083)**	**$**	**(1,399,420)**
Basic and diluted loss per share	$	(0.02)	$	(0.06)
Weighted average shares outstanding (Note 5)		22,768,283		22,768,283
Diluted weighted average shares outstanding (Note 5)		22,768,283		22,768,283

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

For the years ended		**June 30, 2023**		**June 30, 2022**
Net loss for the year	$	(404,083)	$	(1,399,420)
Other comprehensive loss				
Items that may not be subsequently reclassified to loss:				
Change in fair value of investments (Note 3)		(449,894)		(145)
Amortization of deferred gain on common shares (Note 3)		146,921		-
		(302,973)		(145)
Total comprehensive loss for the year	**$**	**(707,056)**	**$**	**(1,399,565)**

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

SOUTHERN ARC MINERALS INC.

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

Years ended		**June 30, 2023**		**June 30, 2022** (Adjusted – Note 10)
Cash flows used in operating activities				
Net loss for the year	$	(404,083)	$	(1,399,420)
Items not affecting cash:				
Depreciation		808		808
Realized and unrealized loss on investments (Note 3)		92,814		954,383
Amortization of deferred gains on warrants (Note 3)		(7,904)		-
Unrealized foreign exchange (gain) loss		(34,280)		17,723
Changes in non-cash working capital items:				
Receivables and prepaid expenses		1,757		4,083
Accounts payable and accrued liabilities		(10,073)		(11,371)
Net cash used in operating activities		(360,961)		(433,794)
Cash flows from (used in) investing activities				
Acquisition of investment (Note 3)		(534,800)		-
Proceeds from sale of investments (Note 3)		-		866,728
Net cash provided by (used in) investing activities		(534,800)		866,728
Change in cash during the year		(895,761)		432,934
Effect of foreign exchange on cash		34,280		(17,723)
Cash, beginning of the year		1,045,281		630,070
Cash, end of the year	**$**	**183,800**	**$**	**1,045,281**

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except share amounts)

	Capital Stock		Treasury Stock	Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Equity
	Number of shares	Capital Stock					
Balance, June 30, 2021	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,204,724**	**$ (1,585,431)**	**$ (85,523,574)**	**$ 2,503,148**
Net loss for the year	-	-	-	-	-	(1,399,420)	(1,399,420)
Accumulated other comprehensive loss transferred to deficit (Note 3)	-	-	-	-	1,376,493	(1,376,493)	-
Other comprehensive loss	-	-	-	-	(145)	-	(145)
Balance, June 30, 2022	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,204,724**	**$ (209,083)**	**$ (88,299,487)**	**$ 1,103,583**
Equjity reserve transferred to deficit	-	-	-	14,395	-	(14,395)	-
Net loss for the year	-	-	-	-	-	(404,083)	(404,083)
Other comprehensive loss	-	-	-	-	(302,973)	-	(302,973)
Balance, June 30, 2023	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,219,119**	**$ (512,056)**	**$ (88,717,965)**	**$ 396,527**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Southern Arc Minerals Inc. ("Southern Arc" or "the Company") was incorporated in British Columbia, Canada on August 19, 2004. The Company is a Canadian company focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. The Company's head office is located at Suite 650 - 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

These financial statements for the years ended June 30, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's business plan is to make strategic investments in resource companies with a focus on gold and copper-gold. The Company's ability to continue as a going concern is dependent upon successful execution of its business plan and ultimately generating net income and positive cashflow. For the year ended June 30, 2023, the Company recorded a net loss of $404,083 and had negative cash flows from operations of $360,961. These conditions result in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company expects to continue to raise the necessary financing in order to meet its business objectives primarily through the issuance of common shares at the appropriate time**.** Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern and such adjustments could be material to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with IFRS Accounting Standards. They were authorised for issue by the Company's Board of Directors on October 30, 2023. These financial statements are presented on a historical cost basis, except for financial assets classified as fair value through other comprehensive income, or derivatives, including warrants, which are recorded at fair value.

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future conditions and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to,

i. The determination of the fair value of warrants received, including the liquidity discount applied which requires an estimation of volatility and discount rates (Note 3).
ii. The determination of the fair value of shares purchased, including the liquidity discount applied which requires an estimation of volatility and discount rates (Note 3).

These assumptions affect the fair value of investments in warrants, common shares, deferred gains and the amortization thereof, and the related unrealized gains (losses) on investments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates (continued)

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about whether sufficient financing will be obtained as required. See Note 1.

Furniture and equipment

Furniture, computers, and equipment are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets currently estimated to be four years.

Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the life of the underlying asset.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency of an entity are recorded at the exchange rates prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency translation differences are recognized in profit or loss.

Income (Loss) per share

The Company presents basic per share data for its common shares, calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the net income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. In reporting periods when a loss is incurred, potential issuance of shares would be anti-dilutive and, therefore, basic and diluted loss per share are the same.

Share-based payment transactions

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for employee options is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services. As at June 30, 2023 and 2022, the Company has no share options outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which these deductions can be applied. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value. The Company determines each financial instrument’s classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument’s classification.

Financial assets

Financial assets are classified as: Fair value through profit and loss (“FVTPL”), Fair value through other comprehensive income (“FVTOCI”) and financial assets subsequently measured at amortized cost.

a) Amortized cost

The Company classifies financial assets as subsequently measured at amortized cost if both of the following conditions are met:

- the financial asset is held with the objective to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (“SPPI”).

Financial assets measured at amortized cost are recognized using the effective interest rate method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired.

The Company’s financial assets subsequently measured at amortized cost include cash, receivables and deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

b) Fair value through other comprehensive income

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income ("OCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to deficit.

The Company classifies its investment in common shares of Japan Gold Corp., Adriatic Metals Plc. and Rise Gold Corp. as FVTOCI and as a current asset due to the Company's ability to liquidate these investments at any time.

c) Financial assets at fair value through profit and loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are recognized in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

The Company classifies its investments in warrants as FVTPL and as a current asset due to the Company's ability to exercise and liquidate these investments at any time.

Financial liabilities

Derivative liabilities are measured at fair value initially and on each reporting date with changes in fair value recognized in profit or loss. All other financial liabilities of the Company are initially measured at fair value net of issue costs and are subsequently measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations not yet adopted

Several new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2023, and have not been applied in preparing these financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for the Company for its annual period beginning July 1, 2023 with earlier adoption permitted. The Company is currently assessing the potential impact of these amendments.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, IASB issued Classification of Liabilities as Current or Non-Current, which amends IAS 1 – Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for the Company for its annual reporting period beginning July 1, 2024. Earlier application is permitted. The Company does not plan to early adopt the amendments to IAS 1. The Company is currently assessing the potential impact of these amendments.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are effective for the Company for its annual period beginning July 1, 2023 with earlier adoption permitted. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments also clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The Company is currently assessing the potential impact of these amendments.

(Expressed in Canadian dollars)

3. INVESTMENTS

The following table summarizes the Company’s investments as at June 30, 2023 and June 30, 2022:

	June 30, 2023			June 30, 2022		
	Number of Securities		Fair Value	Number of Securities		Fair Value
Investment in shares of Rise Gold Corp.	1,015,612	$	187,888	15,612	$	7,806
Investment is warrants of Rise Gold Corp.	500,000		662	-		-
Investment in shares of Adriatic Metals Plc.	9,481		26,574	9,481		16,439
Investment is shares of Japan Gold	228,510		37,704	228,510		51,415
Investment in warrants of Japan Gold Corp.	-		-	12,500,000		1,002
Total investments		**$**	**252,828**		**$**	**76,662**

a) Rise Gold Corp.

The Company previously received 15,612 common shares of Rise Gold Corp. ("Rise Gold") in October 2020 as part of a return of capital transaction to the shareholders of the Company as the Company holds a number of its own shares in treasury.

On January 24, 2023, the Company subscribed for 1,000,000 units in a private placement offering of Rise Gold for a total investment of $534,800 (US$400,000). Each purchased unit is comprised of one common share of Rise Gold and one half of one purchase warrant. Each whole purchase warrant entitles the Company to purchase an additional common share of Rise Gold at US$0.60 per share until January 31, 2025.

The accounting fair value of the Rise Gold common shares at acquisition date on January 24, 2023 was determined to be $626,400, using the quoted market price of $720,000 and taking into account a liquidity discount of $93,600 which reflects that the common shares were subject to a four month hold period. Management used a Black- Scholes pricing model to determine the value of the liquidity discount and the inputs into the model are shown in a table below. The liquidity discount of $93,600 was amortized into comprehensive loss over the four month hold period as part of the change in fair value of the investment.

The accounting fair value of the Rise Gold warrants at acquisition date was determined to be $92,474, using a Black-Scholes pricing model valuation of $106,292 and taking into account a liquidity discount of $13,818 which reflects that the warrants were subject to a four month hold period. The liquidity discount was amortized into net loss over the four month hold period as part of the unrealized loss on the investment. The inputs into the Black-Scholes model to determine the liquidity discount and the valuation of the warrants as at acquisition date and as at June 30, 2023 are shown in the tables below.

The $184,074 difference between the $534,800 acquisition cost of the Rise Gold units and the $718,874 accounting fair value of the Rise Gold common shares ($626,400) and warrants ($92,474) was recognized as a deferred gain at initial recognition. The $146,921 deferred gain relating to the Rise Gold common shares was amortized into other comprehensive income over the four month hold period. The $37,152 deferred gain relating to the Rise Gold warrants is being amortized into net loss on a straight-line basis over the two-year contractual term of the warrants. As at June 30, 2023, the deferred gain balance relating to the Rise Gold common shares has been fully amortized and the deferred gain balance related to the Rise Gold warrants is $29,249. The deferred gain balance related to the Rise Gold warrants is presented as a non-current liability in the statement of financial position.

The quoted market price of Rise Gold common shares fell significantly in the fourth quarter. As a result, during the year ended June 30, 2023, the Company recorded a net loss on the Rise Gold common shares in other comprehensive loss of $446,318. The Company also recorded a loss on the Rise Gold warrants in net loss of $91,812.

(Expressed in Canadian dollars)

3. INVESTMENTS (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of the Rise Gold liquidity discount for the common shares and warrants:

		January 24, 2023
Risk-free interest rate		4.41%
Expected hold period (in years)		0.351
Expected volatility		60%
Share price (US$)	$	0.54
Exercise price (US$)	$	0.54
Value of Put Option		13%

The following weighted average assumptions were used for the Black-Scholes valuation of the Rise Gold warrants:

		June 30, 2023		January 24, 2023
Risk-free interest rate		4.54%		3.80%
Expected life of warrants (in years)		1.59		2.02
Expected volatility		55%		55%
Share price (US$)	$	0.12	$	0.54
Exercise price (US$)	$	0.60	$	0.60
Value of Call Option	$	0.00	$	0.16

The Chief Executive Officer ("CEO") of the Company is a director in Rise Gold and through entities controlled by the CEO, participated in the Rise Gold private placement by purchasing 262,613 units for $144,436 (US$105,045). The Chief Financial Officer ("CFO") of the Company is also the CFO of Rise Gold.

b) Adriatic Metals plc

The Company previously received 9,841 shares of Adriatic Metals plc. ("Adriatic") in October 2020 as part of a return of capital transaction to the shareholders of the Company as the Company holds a number of its own shares in treasury.

On June 28, 2021, the Company exercised 125,322 warrants of Adriatic to purchase 125,322 shares of Adriatic for a total of $266,062. On July 27, 2021, the Company sold 125,322 shares of Adriatic for proceeds of $302,783 and recognized a gain of $36,721 directly in other comprehensive income. On sale of the Adriatic shares, the accumulated gain of $36,721 in other comprehensive loss was transferred to deficit.

As at June 30, 2023, the Company has 9,481 shares of Adriatic remaining with a fair value of $26,574 (June 30, 2022: $16,439).

c) Japan Gold Corp.

The Company previously received 228,510 common shares of Japan Gold Corp. in October 2020 as part of a return of capital transaction to the shareholders of the Company as the Company holds a number of its own shares in treasury. As at June 30, 2023, the fair value of these shares was $37,704 (June 30, 2022 – $51,415).

During the year ended June 30, 2023, 12,500,000 Japan Gold Corp. warrants with a weighted average exercise price of $0.40 expired unexercised.

d) PT Ancora Indonesia Resources, Tbk.

During the year ended June 30, 2022, the Company sold 77,560,000 shares in PT Ancora for proceeds of $563,945. On sale of the PT Ancora shares, the accumulated loss of $1,413,214 in other comprehensive loss was transferred to deficit.

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

Cost		Office furniture		Leasehold Improvements		Total
At June 30, 2022	$	35,071	$	29,660	$	64,731
Addition		-		-		-
At June 30, 2023	$	35,071	$	29,660	$	64,731
Accumulated depreciation						
At June 30, 2021	$	30,828	$	29,660	$	60,488
Depreciation expenses		808		-		808
At June 30, 2022	$	31,636	$	29,660	$	61,296
Depreciation expenses	$	808		-	$	808
At June 30, 2023	$	32,444	$	29,660	$	62,104
Total carrying value, June 30, 2022	**$**	**3,435**	**$**	**-**	**$**	**3,435**
Total carrying value, June 30, 2023	**$**	**2,627**	**$**	**-**	**$**	**2,627**

5. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of Class A common shares without par value. As at June 30, 2023, 22,898,283 (June 30, 2022 – 22,898,283) are issued of which 22,768,283 (June 30, 2022 – 22,768,283) are outstanding and 130,000 (June 30, 2022 – 130,000) are in treasury.

Share options

The Company grants share options in accordance with its share option plan and the policies of the TSX Venture Exchange. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The terms of the option, including the vesting terms and the option price, are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's shares on the date of grant. The share options granted are exercisable for a period of up to ten years, as determined by the board of directors at the time of grant.

As at June 30, 2023 and June 30, 2022, the Company has no share options outstanding.

Share purchase warrants

As at June 30, 2023 and June 30, 2022, the Company has no share purchase warrants outstanding.

6. RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors and officers of the Company.

Key management compensation for the year ended June 30, 2023, consisted of management fees of $220,000 (2022 - $240,000) paid to two private companies controlled by the Chief Executive Officer and Chairman of the Company. Management fees include administrative, finance, accounting, investor relations and consulting services.

The Company also reimbursed a private company controlled by the Chief Executive Officer and Chairman of the Company $27,500 in occupancy costs (2022 - $32,833). As at June 30, 2023, the Company had a deposit balance of $4,706 (June 30, 2022 - $4,706) for its occupancy costs.

The above transactions are recorded at the consideration established and agreed to by the related parties.

(Expressed in Canadian dollars)

7. INCOME TAXES

A reconciliation of income taxes at statutory rates of 27% with reported taxes is as follows:

		2023		2022
Loss for the year, before income taxes	$	(404,083)	$	(1,399,420)
Expected income tax recovery	$	(109,102)	$	(377,843)
Non-taxable change in fair value of warrants		(25,060)		257,683
Non-taxable portion on amortization of deferred gain		2,134		-
Tax effect of temporary differences for which no tax has been recognized		132,028		120,160
Total income tax recovery	$	-	$	-

Deferred income tax assets have not been recognized for the following temporary differences as management does not believe, based on estimated future taxable income that it is probable that the benefit of these temporary differences will be realized:

		2023		2022
Non-capital loss carry forwards	$	27,575,731	$	27,082,786
Capital loss carry forwards		3,143,940		3,143,940
Cumulative exploration expenses		7,185,389		7,185,389
Property and equipment		56,217		55,409
	$	37,961,277	$	37,467,524

The Company has accumulated non-capital losses for deduction against future years' Canadian taxable income, which expire as follows:

2031	$	2,677,396
2032		3,763,442
2033		3,103,710
2034		3,298,960
2035		2,079,608
2036		1,493,116
2037		7,964,922
2038		1,058,953
2039		120,032
2040		486,749
2041		590,861
2042		445,037
2043		492,945
	$	27,575,731

The capital losses and cumulative exploration expenses have no expiry date.

8. SEGMENTED INFORMATION

A reporting segment is defined as a component of the Company that:

- Engages in business activities from which it may earn revenues and incur expenses;
- Operating results are reviewed regularly by the entity's chief operating decision maker; and
- Discrete financial information is available.

The Company conducts its business as a single operating segment focused on the acquisition and exploration of resource properties and investments. As at June 30, 2023 and June 30, 2022, all of the Company's assets and liabilities and income (loss) are in Canada.

9. FINANCIAL INSTRUMENTS

The nature of the Company's operations exposes the Company to credit risk, liquidity risk and market risk, which may have a material effect on cash flows, operations and comprehensive income.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company currently does not have any significant credit risk.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Company's cash is minimal. The Company is subject to foreign currency fluctuations primarily on its cash denominated in a currency other than the Canadian dollar. As at June 30, 2023, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately $1,566. The quoted market price of Japan Gold, Rise Gold and Adriatic shares are subject to fluctuations and this impacts other comprehensive income. A 1% change (plus or minus) in the price of these shares would change the fair value of the common shares and other comprehensive income by approximately $2,521. A 1% change (plus or minus) in the market price used in the valuation of the Company's investment in warrants would change the fair value of the warrants and net loss by $109.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

Level 1 -	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 -	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 -	Inputs that are not based on observable market data.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS (continued)

The Company's investment in common shares of Japan Gold Corp., Rise Gold and Adriatic were recognized at fair value using the quoted market price of these instruments. Accordingly, these are classified as level 1, except for the Rise Gold shares which were classified as level 2 on initial recognition, as the inputs used in the determination of the liquidity discount were not directly observable. Subsequently, the investment in common shares of Rise Gold were classified as level 1. The Rise Gold warrants were recognized at fair value using level 2 inputs. The fair value of the Rise Gold warrants was determined using a Black-Scholes option pricing formula along with comparable volatility calculated using similar comparable companies of Rise Gold. The carrying value of cash, receivables, deposits and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

10. COMPARATIVE INFORMATION

Adjustment to the statement of cashflows for the year ended June 30, 2022

The Company's previously reported statement of cashflows for the year ended June 30, 2022 has been adjusted in these financial statements as follows:

	Net cash used in operating activities	Effect of foreign exchange on cash
Previously reported	$ (451,517)	$ -
Adjustment (a)	17,723	(17,723)
Adjusted	$ (433,794)	$ (17,723)

(a) The Company previously presented $17,723 of foreign exchange on US$ cash balances as an operating activity cashflow when it should have been presented as the effect of foreign exchange on cash in the statement of cashflows.

The adjustment to the statement of cashflows had no impact on the previously reported statement of financial position as at June 30, 2022 and the Company's statements of net loss and comprehensive loss for the year ended June 30, 2022.