GRANADA GOLD MINE INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
DECEMBER 31, 2023 AND 2022

(UNAUDITED)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Granada Gold Mine Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

GRANADA GOLD MINE INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at,	Notes	December 31, 2023	June 30, 2023
		$	$
ASSETS			
Current assets			
Cash		**7,298**	15,407
Amounts receivable	5,14	**178,196**	236,615
Prepaid expenses		**3,926**	3,926
Marketable securities	6	**116,530**	120,920
Total current assets		**305,950**	376,868
Deposit, long-term	7	**384,421**	384,421
Property and equipment	9	**115,654**	130,812
Total assets		**806,025**	892,101
SHAREHOLDERS' DEFICIENCY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade, other payables and provisions	11,14,16	**10,091,454**	9,707,426
Secured loans payable	10	**1,306,157**	1,280,169
Total current liabilities		**11,397,611**	10,987,595
Provision for site reclamation and restoration	15	**352,883**	349,622
Total liabilities		**11,750,494**	11,337,217
SHAREHOLDERS' DEFICIENCY			
Share capital	12	**72,393,922**	72,067,058
Reserves	12	**1,930,953**	2,009,177
Deficit		**(85,269,344)**	(84,521,351)
Total shareholders' deficiency		**(10,944,469)**	(10,445,116)
Total liabilities and shareholders' deficiency		**806,025**	892,101

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 8, 10, 15 & 16)

Approved by the Board:

"Frank Basa"
Director

"Matthew Halliday"
Director

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

GRANADA GOLD MINE INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Expenses					
Exploration and evaluation	8				
Assay and testing		**$ 46,917**	$ 2,445	**$ 51,516**	$ 7,871
Consulting fees		**4,000**	8,000	**1,109**	10,000
Core analysis		**-**	19,992	**-**	48,782
Depreciation	9	**7,579**	10,659	**15,158**	21,319
Drilling		**-**	(1,233)	**-**	123,576
Equipment		**22,977**	85,108	**(1,504)**	88,251
Facility expenses		**18,704**	33,658	**36,664**	58,633
Geology, geophysics and surveys		**35,000**	55,230	**70,000**	90,341
Personnel costs		**1,040**	150,191	**27,549**	150,191
Project management and engineering	14	**75,760**	81,932	**154,624**	206,738
Reclamation and restoration costs		**1,631**	2,813	**3,261**	6,554
Security		**-**	300	**-**	459
Taxes, permits and licensing		**6,946**	3,495	**8,714**	3,881
		220,554	452,590	**367,091**	816,596
Corporate					
Administrative and general expenses		**6,505**	13,389	**10,946**	22,567
Financing fees		**-**	24,483	**25,988**	48,480
Professional fees		**172,684**	146,897	**270,737**	341,199
Filing costs and shareholders' information		**2,116**	3,437	**34,055**	11,892
Travel		**487**	-	**487**	-
		181,792	188,206	**342,213**	424,138
Other (income) expenses					
Equipment rental	14	**(49,200)**	(49,700)	**(98,400)**	(98,650)
Interest and other income		**233**	315	**233**	315
Gain on settlement of debt	12.2	**-**	-	**(114,593)**	-
Part XII.6 penalty and interest		**29,775**	14,435	**59,550**	42,524
Flow-through indemnification action provision	16	**82,126**	76,957	**187,509**	152,661
Unrealized (income) loss on marketable securities	6	**200**	78,523	**4,390**	135,057
		63,134	120,530	**38,689**	231,907
Net loss and comprehensive loss for the period		**$ (465,480)**	$ (761,326)	**$ (747,993)**	$ (1,472,641)
Net loss per share - basic and diluted	**13**	**$ (0.003)**	$ (0.005)	**$ (0.005)**	$ (0.010)
Weighted average number of common shares outstanding - basic and diluted	**13**	**158,830,835**	150,542,848	**156,602,563**	150,542,848

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

GRANADA GOLD MINE INC.
Condensed Interim Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares	Share capital	Reserves	Deficit	Total
		$	$	$	$
Balance, June 30, 2022	**150,542,828**	**71,988,834**	**2,593,340**	**(82,177,636)**	**(7,595,462)**
Warrants expired	-	46,624	(46,624)	-	-
Net loss for the period	-	-	-	(1,472,641)	(1,472,641)
Balance, December 31, 2022	**150,542,828**	**72,035,458**	**2,546,716**	**(83,650,277)**	**(9,068,103)**
Stock-based compensation	-	-	28,645	-	**28,645**
Warrants expired	-	31,600	(31,600)	-	-
Options expired	-	-	(534,584)	534,584	-
Net loss for the period	-	-	-	(1,405,658)	**(1,405,658)**
Balance, June 30, 2023	**150,542,828**	**72,067,058**	**2,009,177**	**(84,521,351)**	**(10,445,116)**
Settlement of debt	8,287,897	248,640	-	-	**248,640**
Warrants expired	-	78,224	(78,224)	-	-
Net loss for the period	-	-	-	(747,993)	**(747,993)**
Balance, December 31, 2023	**158,830,725**	**72,393,922**	**1,930,953**	**(85,269,344)**	**(10,944,469)**

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

GRANADA GOLD MINE INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Six Months December 31, 2023	2022
Operating activities			
Loss before tax		**$ (747,993)**	$ (1,472,641)
Adjustments for:			
Depreciation	9	**15,158**	21,319
Interest on secured loans payable	10	**25,988**	48,481
Part XII.6 penalties and interest		**59,550**	42,524
Flow-through indemnification provision		**187,509**	152,661
Unrealized loss on marketable securities	6	**4,390**	135,057
Change in provision for reclamation and restoration		**3,261**	6,554
Gain on sale settlement of debt		**(114,593)**	-
Operating cash flows before movements in working capital			
Amounts receivable		**58,419**	880,308
Prepaid expenses		**-**	(3,000)
Trade, other payables and provisions		**500,202**	198,099
Net cash (used in) provided by operating activities		**(8,109)**	9,362
(Decrease) increase in cash		**(8,109)**	9,362
Cash, beginning of period		**15,407**	132,159
Cash, end of period		**$ 7,298**	$ 141,521

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Granada Gold Mine Inc. ("Granada" or the "Company") is domiciled in Canada and was incorporated on July 17, 1985 under the Company Act of British Columbia. The Company is a publicly-traded-company with its shares listed on the TSX Venture Exchange ("TSXV"), the Frankfurt Stock Exchange, and the US over the counter ("OTC") market. The principal business of the Company is the acquisition, exploration and development of mineral property interests. The Company's head office is located at 3028 Quadra Court, Coquitlam, British Columbia, V3B 5X6.

Going concern

These unaudited condensed interim financial statements 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 its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company had cash of $7,298 at December 31, 2023 (June 30, 2023: $15,407), but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral deposits that are economically recoverable. The Company will periodically have to obtain additional funds to continue its exploration activities, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continuing existence is dependent upon the discovery of economically recoverable reserves and resources, the preservation of its interest in the underlying properties, the ability of the Company to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and the achievement of profitable operations.

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

These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed inappropriate. Such adjustments could be material.

As at December 31, 2023, the Company had not yet achieved profitable operations, has an accumulated deficit, has a working capital deficiency and expects to incur further losses in the development of its business.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing accumulated operating losses and a significant working capital deficiency, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

2. BASIS OF PREPARATION

Basis of Presentation Statement of Compliance

These unaudited condensed interim financial statements have been prepared on the historic cost basis, except certain financial instruments that have been measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

The unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may ultimately differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 4.

Functional and Presentation Currency

These unaudited condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

For the purpose of the unaudited condensed interim financial statements, the results and financial position are expressed in Canadian dollars. Transactions in currencies other than the functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses are presented in the statement of loss. The Company does not have any foreign operations.

Approval of the financial statements

These unaudited condensed interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on February 26, 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited financial statements for the year ended June 30, 2023 have been applied consistently to these unaudited condensed interim financial statements.

4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

(In Canadian Dollars, except where noted)

4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

In the process of applying the Company's accounting policies, management has made the same judgments, estimates, and assumptions which were set out in the Company's audited financial statements for the year ended June 30, 2023.

5. AMOUNTS RECEIVABLE

	December 31, 2023	June 30, 2023
	$	$
Rental revenue receivable	**139,086**	127,903
Taxes receivable	**39,110**	108,712
	178,196	236,615

6. MARKETABLE SECURITIES

The Company's marketable securities are as follows:

	As at December 31, 2023		As at June 30, 2023	
	Cost	Fair Value	Cost	Fair Value
Nord Precious Metals Mining Inc.	$	$	$	$
2,381,500 common shares	1,214,565	95,260	1,214,565	119,075
2,941,000 share purchase warrants	1,293,503	21,270	1,293,503	1,845
Total marketable securities		**116,530**		**120,920**

On July 10, 2020, the Company sold a 50% interest in certain mineral leases to Nord Precious Metals Mining Inc. (Previously Canada Silver Cobalt Works Inc.) ("NTH"), a related party with which at the time had four common directors and three common officers, for total consideration of $1,499,910 payable through the issuance of 2,941,000 units of NTH to the Company. Each unit is comprised of one common shares of NTH and one share price warrant to acquire one common share of NTH at a price of $0.55 for a period of 5 years.

The black scholes inputs were used to determine the fair value as of:

	December 31, 2023	June 30, 2023
Share price	**$ 0.04**	$ 0.05
Exercise price	**$ 0.55**	$ 0.55
Expected life	**1.50**	2.01
Risk free interest rate	**3.88 %**	4.58 %
Volatility rate	**150.30 %**	74.40 %
Dividend rate	**0.00 %**	0.00 %

7. DEPOSIT, LONG-TERM

As at December 31, 2023, the Company has a non-interest-bearing cash deposit of $384,421 (June 30, 2023: $384,421) with the Quebec government as a guarantee for the restoration of the Granada mine site.

(In Canadian Dollars, except where noted)

8. EXPLORATION AND EVALUATION

The Company has determined that as at December 31, 2023, and 2022 the Granada Property has not met the technical feasibility and commercial viability criteria to be capitalized and classified as mining properties. Accordingly, the Company has expensed all exploration and evaluation expenditures in the period. As of December 31, 2023, and June 30, 2023, the Company did not hold any assets classified as mining properties.

Granada Property, Quebec, Canada

The Company holds a 100% interest to certain mining leases and claims. The mining leases are subject to a 2% Gross Metal Royalty ("GMR"), ½ of which may be purchased for $1,000,000 and a 1% Net smelter royalty ("NSR") and 23 of the original mining claims are subject to a 1% NSR. Additionally, there is a 2% NSR on 26 claims, half of which may be purchased for $1,000,000.

9. PROPERTY AND EQUIPMENT

	Equipment	Truck	Total
COST	$	$	$
As at June 30, 2022 and December 31, 2022	**148,667**	**147,056**	**295,723**
Additions	-	-	**-**
Disposal	-	(24,531)	**(24,531)**
As at June 30, 2023 and December 31, 2023	**148,667**	**122,525**	**271,192**

	Equipment	Truck	Total
ACCUMULATED DEPRECIATION	$	$	$
As at June 30, 2022	37,034	79,349	**116,383**
Additions	11,163	10,156	**21,319**
As at December 31, 2022	**48,197**	**89,505**	**137,702**
Additions	11,164	9,374	**20,538**
Disposal	-	(17,860)	**(17,860)**
As at June 30, 2023	**59,361**	**81,019**	**140,380**
Additions	8,932	6,226	**15,158**
As at December 31, 2023	**68,293**	**87,245**	**155,538**

	Equipment	Truck	Total
	$	$	$
NET BOOK VALUE			
As at June 30, 2022	111,633	67,707	179,340
As at December 31, 2022	100,470	57,551	158,021
As at June 30, 2023	89,306	41,506	130,812
As at December 31, 2023	**80,374**	**35,280**	**115,654**

During the year ended June 30, 2023, the Company sold a vehicle for $6,000.

10. SECURED LOANS PAYABLE

On August 4, 2015, the Company entered into two loan agreements and a Supply and Services agreement for proceeds totaling $800,000.

The first loan agreement is with an existing shareholder and is a demand loan for proceeds of $200,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually.

The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US $800 per ounce. The lender also has the option to participate in future financings but is not obliged to do so. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The second loan is from a company owned by a director of the Company and comprises a $100,000 demand loan also over a three-year term at an interest rate of 8% calculated monthly and payable annually. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

The third agreement is a Supply and Services non-interest bearing loan for $500,000 over the 12 months following the execution of the loan agreement from a company owned by a director of the Company. The lender has the option to obtain loan principal repayments including interest as applicable, in gold valued at US $800 per ounce if the Company reaches commercial production. The Supply and Services loan is to be used for specific projects on the property. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender.

On November 22, 2017, the Company entered into convertible loan agreements with existing shareholders for demand loans for proceeds of $250,000 over a three-year term at an interest rate of 8% calculated monthly and payable annually. The loan will automatically renew for an additional three-year term until such time as the lender agrees to terminate the agreement. The lender also has the option to obtain interest and principal loan repayments in gold rather than cash should the Company reach commercial production while the loan remains in place. In that event, the gold is to be valued at US $800 per ounce. The outstanding loan balance is subject to repayment in full at any time at the sole discretion of the lender. The outstanding principal amount of the loan is convertible into common shares of the Company at the option of the lender at any time at a conversion price of $0.05 per share for the first year and then $0.10 per share starting in the second year and until maturity. The conversion feature has been classified as an equity instrument with an estimated value of $74,856 and has been included in equity reserves on the statement of financial position. The liability portion of the convertible debentures was estimated to be $175,144 and was accreted to its face value over the 3 year term of the loan using an effective interest rate of 20%. The initial loan term expired on November 22, 2020 with a total of $317,559 owing including accrued interest, and this amount was automatically renewed for another 3-year term, with the same loan features and terms. On February 28, 2022, the Company partially repaid the outstanding balance on these loans including interest totaling $175,662. The outstanding balance of the loan at December 31, 2023, including accrued interest was $199,366 (June 30, 2023 - $194,085).

The Granada Gold property is registered as security against these loans. As a triggering event has not taken place, no value has been attributed to the derivative relating to the right of the lenders to demand repayment in gold valued at US $800 per ounce.

(In Canadian Dollars, except where noted)

10. SECURED LOANS PAYABLE (continued)

Loan activity for the period ended December 31, 2023 and the year ended June 30, 2023 is as follows:

	December 31, 2023	June 30, 2023
	$	$
Opening balance	**1,280,169**	1,182,329
Interest accrual	**25,988**	97,840
	1,306,157	1,280,169

11. TRADE, OTHER PAYABLES AND PROVISIONS

	December 31, 2023	June 30, 2023
	$	$
Trade payable	**1,382,939**	1,044,032
Due to related parties (note 14)	**2,495,445**	2,751,879
Part XII.6 taxes and interest (i)	**1,137,368**	1,023,321
Flow-through indemnification provision (ii)	**5,075,702**	4,888,194
	10,091,454	9,707,426

(i) The Company has estimated potential Part XII.6 taxes in relation to unspent flow-through expenditures for fiscal years 2011 to 2017. During the period ended December 31, 2023, the Company had accrued an additional $114,047 (June 30, 2023 - $146,383) for Part XII.6 taxes, interest and penalties on the shortfall. See Note 16.

(ii) The Company has estimated potential indemnity in relation to unspent flow-through expenditures for fiscal years 2011 to 2017. During the period ended December 31, 2023, the Company accrued an additional $187,509 (June 30, 2023 - $367,043) for indemnification and interest on the shortfall, and made settlements against the liability of $nil (June 30, 2023 - $681). See Note 16.

12. SHARE CAPITAL

12.1 Authorized share capital

The Company has an authorized share capital of an unlimited number of shares with no par value.

As at December 31, 2023, the Company had 158,830,725 common shares issued and outstanding (June 30, 2023: 150,542,828).

12.2 Share issuance

Private placements

During the period ended December 31, 2023 and during the year ended June 30, 2023, the Company did not close any private placements.

Exercise of Options

No stock options were exercised during the period ended December 31, 2023, and during the year ended June 30, 2023.

(In Canadian Dollars, except where noted)

12. SHARE CAPITAL (continued)

12.2 Share issuance (continued)

Exercise of Warrants

During the period ended December 31, 2023 and during the year ended June 30, 2023, the Company issued no common shares related to the exercise of warrants.

Settlement of Debt

On August 16, 2023, the Company issued shares to repay debt in the amount of $286,483, through the issuance of 5,729,654 shares and recorded a gain on settlement of debt totaling $114,593.

On August 16, 2023, the Company closed a shares for debt transaction and the Company has issued 2,558,333 common shares at a deemed price of $0.03 per share to certain creditors to settle $76,750 worth of debt owed to the creditors. One of the creditors was a related party as one of the principals is a director and officer of the Company. The related creditor was issued 1,833,333 shares to settle $55,000 worth of debt.

12.3 STOCK OPTIONS

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years from the date of grant. All options are subject to a four month holding period from the date of grant if granted at the price lower than the market price; options granted at market prices are not subject to the hold period. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company which may be reserved for the issuance shall be 10% of the issued and outstanding shares at the time of the option grant.

The following is a summary of the changes in the Company's stock option activities for the period ended December 31, 2023 and year ended June 30, 2023:

	December 31, 2023		June 30, 2023	
	Number of stock options	**Weighted average exercise price ($)**	Number of stock options	Weighted average exercise price ($)
Outstanding, beginning of year	**2,850,000**	**0.086**	3,725,000	0.200
Granted	-	**-**	1,525,000	0.200
Expired or cancelled	(200,000)	**0.140**	(2,400,000)	0.240
Outstanding, end of period	**2,650,000**	**0.086**	2,850,000	0.086
Exercisable, end of period	**2,650,000**	**0.086**	2,850,000	0.086

(In Canadian Dollars, except where noted)

12. SHARE CAPITAL (continued)

12.3 Stock Options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2023:

Exercise Price ($)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Weighted-average remaining contractual life (years)	Weighted-average exercise price ($)
$0.05-$0.14	2,650,000	2,650,000	1.93	0.082
Total	**2,650,000**	**2,650,000**	**1.93**	

On February 14, 2023, the Company announced that it granted stock options to its directors, officers, employee, and consultants to purchase an aggregate of 1,525,000 common shares in the capital of the Company. The stock options are exercisable for a term of three years at an exercise price of $0.05 per share. Directors and officers were granted 800,000 stock options as part of the grant.

12.3 STOCK OPTIONS (continued)

The weighted average fair value of the options granted during the year ended June 30, 2023 was estimated at $0.0188 per option at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	December 31, 2023	June 30, 2023
Risk free interest rate	**- %**	3.87 %
Expected life	**- years**	3 years
Expected volatility	**- %**	117 %
Expected dividend per share	**-**	-
Share price	**-**	$ 0.03
Exercise price	**-**	$ 0.05

12.4 WARRANTS

Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrant activities for the period ended December 31, 2023, and during the year ended June 30, 2023:

	December 31, 2023		June 30, 2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		($)		($)
Outstanding, beginning of year	**52,474,701**	**0.134**	53,644,363	0.148
Expired or cancelled	**(8,825,203)**	**0.184**	(1,169,662)	0.185
Outstanding, end of period	**43,649,498**	**0.100**	52,474,701	0.134

(In Canadian Dollars, except where noted)

12. SHARE CAPITAL (continued)

12.4 WARRANTS (continued)

The following table summarizes information regarding share purchase warrant outstanding as at December 31, 2023:

Exercise price ($)	Number of warrants Outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price ($)
0.050	4,841,615	1.68	0.050
0.060	2,727,273	0.98	0.060
0.075	9,053,800	0.74	0.075
0.080	12,542,166	1.25	0.080
0.120	10,191,166	1.62	0.120
0.150	1,250,000	0.74	0.150
0.280	3,043,478	1.91	0.280
Total	**43,649,498**	**1.22**	**0.100**

Effective September 27, 2022, the Company amended the terms of 9,053,800 share purchase warrants by reducing the exercise price from $0.15 per share to $0.075 per share and extending the term of the warrants by two years so that the warrants will expire on September 27, 2024. Further the warrants will include an accelerated expiry clause such that the exercise period of the warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the Company's shares is $0.095 or more. All other terms of the warrants remain the same.

August 9, 2023, the Company announced that it has repriced an aggregate of 9,135,093 outstanding warrants issued by way of private placements that closed on September 4, 2020 and September 27, 2021.

3,959,521 of the warrants were issued in two tranches pursuant to a private placement that closed on September 4, 2020. The warrants had an exercise price of $0.28 and two expiry dates one being August 27, 2023 and one being September 4, 2023. The Company will amend the warrant exercise price to $0.05 per share and extend the warrant expiry date to August 27, 2025 and September 4, 2025.

5,178,572 of the warrants were issued pursuant to a private placement that closed on September 27, 2021. 3,956,521 of the warrants had an exercise price of $0.20 and an expiry date of September 27, 2023 and 1,250,000 warrants had an exercise price of $0.15 and an expiry date of September 27, 2024. The Company will amend both warrant exercise prices to $0.05 per share and extend both warrant expiry dates to September 27, 2025. The warrants, as amended, will be subject to an accelerated expiry provision such that if for any ten consecutive trading days (the "Premium Trading Days") during the unexpired term of the warrants, the closing price of the Company's shares on the TSX Venture Exchange exceeds $0.0625, representing the amended warrant exercise price of $0.05 plus 25%, the exercise period of the warrants will be reduced to 30 days, starting seven days after the last Premium Trading Day. The Company will announce any such accelerated expiry date by press release. All other terms of the warrants remain unchanged.

On December 1, 2023, the Company amended the terms of 2,727,273 share purchase warrant by amending the exercise price from $0.15 per share to $0.06 per share and extending the term of the warrants by one year so that the Warrants will now expire on December 21, 2024. In accordance with the policies of the TSX Venture Exchange, the terms of whe Warrants will be further amended to include an accelerated expiry clause such that the exercise period of the warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the Company's shares is $0.075 or more. All other terms of the warrants remain the same.

The Company did not grant any warrants during the period ended December 31, 2023, and during the year ended June 30, 2023.

(In Canadian Dollars, except where noted)

13. LOSS PER SHARE

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	**$**	$
Net loss for the period	**(465,480)**	(761,326)	**(747,993)**	(1,472,641)
Weighted average number of shares – basic and diluted	**158,830,835**	150,542,848	**156,602,563**	150,542,848
Loss per share, basic and diluted	**(0.003)**	**(0.005)**	**(0.005)**	**(0.010)**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and warrants were anti-dilutive for the period ended December 31, 2023 and 2022.

14. RELATED PARTY TRANSACTIONS

The Company determined that key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors (executive and non-executive), President and Chief Executive Officer and Chief Financial Officer are key management personnel.

The remuneration to key management personnel during the three and six months ended December 31, 2023 and 2022 is as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	**$**	$
Key management compensation	**142,116**	106,830	**287,346**	290,460
	142,116	**106,830**	**287,346**	**290,460**

a) The Company retains the services of a company owned by an officer and director of the Company to carry out exploration work on its resource properties and for management services. During the six months ended December 31, 2023, the total amount for such services provided was $220,001 (December 31, 2022 – $220,001) of which $220,000 (December 31, 2022 – $220,000) was recorded in exploration expenses and $1 (June 30, 2023 - $1) in professional fees. As at December 31, 2023, the Company has a balance of $611,571 (June 30, 2023 - $497,200) payable to the company owned by the officer and director. These amounts are unsecured, non-interest bearing and due on demand.

b) As of December 31, 2023, the Company owed $2,495,445 (June 30, 2023 - $2,751,879) to NTH, a related party in which there are three common directors and two common officers. These amounts are unsecured, non-interest bearing and due on demand.

c) During the period ended December 31, 2023, the Company recorded $98,400 in equipment rental revenue (December 31, 2022 - $98,650) from NTH, $139,086 (year ended June 30, 2023 - $157,618) of which was recognized as amounts receivable on December 31, 2023. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

Also see notes 6, 10, 12.2, and 16.

(In Canadian Dollars, except where noted)

15. RECLAMATION OBLIGATION

The Company's provision for closure and reclamation costs is based on management's estimates of the costs to rehabilitate the area explored as well as an estimate of the future timing of the costs to be incurred.

The Company has assessed its total provision to be $352,883 (June 30, 2023 - $349,622) based on a total future liability of approximately $384,421 (June 30, 2023 - 384,421), a discount rate of 3.25% (June 30, 2023 - 3.10%) and an inflation rate of 2.25% (June 30, 2023 - 2.25%). Reclamation is estimated to commence in 7 years (June 30, 2023 – 7 years).

	Six Months December 31, 2023	Year Ended June 30, 2023
	$	$
Opening Balance	**349,622**	394,501
Accretion	**3,261**	13,210
Change in estimate	**-**	(58,089)
Ending balance	**352,883**	**349,622**

16. COMMITMENTS AND CONTINGENCIES

Environmental obligations

The Company's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether with the outcomes, the impacts or the deadline. As at December 31, 2023, to the best knowledge of its management, the Company is, in conformity with the laws and regulations.

Flow-through obligations

The Company is partly financed by the issuance of flow-through shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian exploration expenditures, even if the Company has taken all the necessary measures for this purpose. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:

i) Two years following the flow-through investment;

ii) One year after the Company has renounced the tax deductions relating to the exploration work.

The Company has indemnified the subscribers of current and previous flow-through offerings against any tax related amounts that become payable by shareholders in the event the Company does not meet its expenditure commitment. See Note 11.

Canada Revenue Agency audit

The Canada Revenue Agency ("CRA") is auditing certain of the Company's corporate tax returns and flow-through filings from 2012 to 2017 and has assessed that the Company had flow-through shortfalls in certain of those years. Accordingly, the Company has recorded a provision for the estimated cost to indemnify flow-through share subscribers for their possible personal income tax reassessments.

(In Canadian Dollars, except where noted)

16. COMMITMENTS AND CONTINGENCIES (continued)

Canada Revenue Agency audit (continued)

In estimating the liability, the Company has assumed the following:

- The subscribers would be taxable at the highest marginal personal tax rate;

- That all non-corporate subscribers are eligible for the federal 15% investment tax credit; and

- That Quebec subscribers are eligible for the 150% or 120% additional CEE deduction.

The ultimate amount owing and the timing of any payments to investors are highly uncertain as they are dependent on each taxpayer's individual tax situation as well as if, or when, they are reassessed by the CRA.

The Company has also accrued the estimated Part XII.6 tax and similar Quebec tax on the potential shortfalls.

The CRA has also assessed penalties of approximately $2,200,000 which the Company has not accrued. The Company believes the assessment of these penalties is without merit and has filed Notices of Objection to dispute the assessment. The outcome of the Notices of Objection cannot be determined at this time and accordingly, no amounts have been accrued in these financial statements relating to the penalties.

A continuity of the provision for the shareholder indemnity for the period ended December 31, 2023 and year ended June 30, 2023 is as follows:

	December 31, 2023	June 30, 2023
	$	$
Opening balance	**4,888,193**	4,521,831
Accrual for additional provision and interest	**187,509**	367,043
Settlement against liability	**-**	(681)
Ending balance	**5,075,702**	**4,888,193**

Service agreements

The Company has consulting service agreements with related parties (certain officers and directors).

i) Effective January 1, 2007, and amended December 1, 2010, May 16, 2013 and March 1, 2015, the Company entered into a management agreement with Grupo Moje Limited ("Grupo"), a company owned by a director and officer of the Company to provide management services of Frank Basa in consideration for a nominal annual fee of $1.

This agreement also requires that if the agreement is terminated by the Company upon or following a change in control or change of management the Company shall make a payment to Grupo equal to 480 ounces of gold with the dollar amounts to be calculated based on the price of gold on the date of termination of the agreement. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

ii) Effective January 1, 2014, the Company entered into a management agreement with Mineral Recovery Management Systems Corp. ("MRMSC"), a company controlled by Frank Basa and Elaine Basa, to provide project management, engineering and geological services to the Company in consideration of $25,000 per month for the services of Frank Basa and $11,666.67 per month for the services of Elaine Basa. Either party may terminate this agreement by giving a four months' notice to the other, subject to certain provisions of the agreement.

16. COMMITMENTS AND CONTINGENCIES (continued)

Claims, lawsuits and other complaints

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity. The outcome of these litigations cannot be reasonably determined, as a result, no amounts have been accrued as at December 31, 2023.

17. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, including commodity price risk;
- foreign currency exchange risk;
- interest rate risk; and
- operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these unaudited condensed interim financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfills its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined.

The Company's risk and control framework is facilitated by the small-sized and hands-on executive team. There have been no changes in the risks, objectives, policies and procedures during the period ended December 31, 2023 and year ended June 30, 2023.

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and receivables.

a) Cash and cash equivalents

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper. Management believes the risk of loss to be minimal.

(In Canadian Dollars, except where noted)

17. FINANCIAL RISK MANAGEMENT (continued)

b) Receivables

When necessary, the Company establishes a provision for expected credit losses that represents its estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Further, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation. The Company generates cash flow primarily from its financing activities.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as part of Capital Disclosures below. The Company has historically relied on issuances of shares to develop projects and to finance day-to-day operations and may do so again in the future.

The Company has no significant long-term liabilities other than reclamation obligations. All other contractually obligated cash flows are payable within the next fiscal year. Refer to Note 16 for details of the Company's flow-through commitments.

Classification of Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, marketable securities, trade other payables and provisions, and secured loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and current market rates for similar financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2023 and June 30, 2023, the Company did not have any assets measured at fair value and that require classification within the fair value hierarchy, except for its marketable securities:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2023 - marketable securities	95,260	21,270	-	**116,530**
June 30, 2023 - marketable securities	119,075	1,845	-	**120,920**
Total	**214,335**	**23,115**	**-**	**237,450**

17. FINANCIAL RISK MANAGEMENT (continued)

Classification of Financial Instruments (continued)

There were no transfers to or from Level 2, or level 3 during the year ended June 30, 2023 and period ended December 31, 2023.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate risk, and commodity prices will affect the Company's income, the value of its evaluation and exploration properties or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Commodity price risk

The Company is exposed to price risk with respect to fluctuation in gold and silver prices which impacts the future economic feasibility of its mining interests. Gold and silver prices are affected by numerous factors such as the sale or purchase of gold and silver by various institutions, interest rates, exchange rates, inflations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold and silver producing countries throughout the world. As the Company is still in the exploration and evaluation stage, the fluctuation of gold and silver prices does not have a significant impact on the Company.

b) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk with respect to future gold and silver sales, since gold and silver sales are denominated in US dollars and the Company's functional and reporting currency is the Canadian dollar. The movement on US rates related to the Canadian dollar may impact the future economic feasibility of the Company's mining interests. As the Company is still in the exploration and evaluation stage, the fluctuation of the US dollar does not have a significant impact on the Company.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balance is to invest excess cash in financial instruments guaranteed by and held with a Canadian chartered bank.

d) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

17. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

i) The Company receives low interest rates on its cash balances and carries debt with fixed interest rates. As such, the Company does not have significant interest rate risk.

ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign currency risk.

iii) The Company's receivables are composed primarily of refundable sales taxes owing from the government of Canada. As such, the Company does not have significant credit risk relating to its receivables.

iv) The Company's marketable securities are comprised of common shares and warrants of NTH. A 10% change in the share price of the Company's marketable securities would result in a corresponding change to net loss in the amount of $11,653 for the period ended December 31, 2023.

18. CAPITAL MANAGEMENT DISCLOSURES

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise and ability to raise financing of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of common shares, reserves and deficit, which as at December 31, 2023 totaled a shareholders' deficiency of $10,944,469 (June 30, 2023 – $10,445,116).

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company currently has no significant source of revenues, and therefore is dependent on external financing to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended December 31, 2023 and the year ended June 30, 2023.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2023, the Company may not be compliant with all of the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.