DESERT GOLD VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Unaudited - Expressed in US Dollars)

NOTICE TO READERS

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 interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

DESERT GOLD VENTURES INC.
Condensed consolidated interim statements of financial position
(Unaudited - Expressed in US dollars)

	Note	March 31, 2023	December 31, 2022
		$	$
ASSETS			
Current assets			
Cash		853,162	1,220,393
Marketable securities	6	-	55,845
Other receivables	3	94,623	92,616
Prepaid		33,116	9,030
		980,901	1,377,884
Non-current assets			
Equipment		2,816	3,767
Total assets		983,717	1,381,651
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	230,443	539,698
		230,443	539,698
EQUITY (DEFICIENCY)			
Share capital	7	36,028,990	35,816,013
Accumulated other comprehensive income		275,786	282,048
Reserves		19,463,074	19,384,426
Deficit		(55,014,576)	(54,640,534)
		753,274	841,953
Total liabilities and shareholders' deficiency		983,717	1,381,651

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved for issuance by the board of directors on May 30, 2023

"Sonny Janda"	*"Jared Scarf"*
Director - Sonny Janda	**Director - Jared Scarf**

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

DESERT GOLD VENTURES INC.

Condensed consolidated interim statements of loss and comprehensive loss

(Unaudited - Expressed in US dollars)

Three months ended March 31,		**2023**	**2022**
	Note	$	$
Amortization		960	690
Investors and shareholders relationship		38,850	73,345
Office, occupancy, and administration		21,264	16,838
Professional and consulting fees		96,529	140,109
Prospecting rights and exploration	5	160,210	447,670
Share-based compensation	7	78,648	292
Transfer agent and listing fees		14,629	31,911
Loss before the following:		(411,090)	(710,855)
Other income		24,259	-
Gain from disposition of marketable securities	6	13,263	-
Finance fees and interest		(243)	-
Foreign exchange		(231)	(4,843)
Net loss		(374,042)	(715,698)
Other comprehensive loss:			
Foreign exchange translation loss		(6,262)	(3,817)
Total comprehensive loss		(380,304)	(719,515)
Weighted average number of outstanding shares, basic and diluted		195,917,100	150,181,868
Loss per share, basic and diluted		(0.00)	(0.00)

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

DESERT GOLD VENTURES INC.
Condensed consolidated interim statements of cash flows
(Unaudited - Expressed in US dollars)

Three months ended March 31,	**2023**	**2022**
	$	$
OPERATING ACTIVITIES		
Loss for the period	(374,042)	(715,698)
Adjustments for non-cash items:		
Amortization	960	690
Foreign exchange loss	231	3,817
Gain on disposition of marketable securities	(13,263)	-
Share-based compensation	78,648	292
Changes in non-cash working capital items:		
Other receivables	(2,007)	97,129
Prepaid	(24,086)	(40,274)
Accounts payable and accrued liabilities	(309,255)	(148,973)
Cash used in operating activities	(642,814)	(803,017)
INVESTING ACTIVITIES		
Proceeds from disposition of marketable securities	69,108	-
Cash used in investing activities	69,108	-
FINANCING ACTIVITIES		
Receipt of share subscription receivable of 2022	212,977	-
Cash provided by financing activities	212,977	-
Effect of foreign exchange rate on cash	(6,502)	(7,634)
Increase (decrease) in cash	(367,231)	(810,651)
Cash, beginning of period	1,220,393	1,216,664
Cash, end of period	853,162	406,013

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

DESERT GOLD VENTURES INC.

Condensed consolidated interim statements of change in shareholders' equity

(Unaudited - Expressed in US dollars)

			Reserves					
	Number	Amount	Others	Warrants	Option	Accumulated other comprehensive income	Deficit	Total
		$	$	$	$	$		$
Balance, December 31, 2021	150,181,868	33,502,244	13,755,601	1,358,842	3,822,081	329,936	(51,842,333)	926,371
Private placement	44,533,804	2,368,451	-	447,622	-	-	-	2,816,073
Share issuance for mineral interest	300,000	23,439	-	-	-	-	-	23,439
Share issuance for services	165,000	8,838	-	-	-	-	-	8,838
Shares issued for accounts payable settlement	285,714	15,370	-	-	-	-	-	15,370
Receipt of subscription receivable from 2021	-	110,648						110,648
Share subscription receivable for 2022	-	(212,977)						(212,977)
Share-based compensation					280			280
Foreign currency translation adjustment		-	-	-	-	(47,888)	-	(47,888)
Loss for the year	-	-	-	-	-	-	(2,798,201)	(2,798,201)
Balance, December 31, 2022	195,466,386	35,816,013	13,755,601	1,806,464	3,822,361	282,048	(54,640,534)	841,953
Receipt of subscription receivable from 2022	-	212,977	-	-	-	-	-	212,977
Share-based compensation	-	-	-	-	78,648	-	-	78,648
Foreign currency translation adjustment	-	-	-	-	-	(6,262)	-	(6,262)
Loss for the period	-	-	-	-	-	-	(374,042)	(374,042)
Balance, Mrch 31, 2023	195,466,386	36,028,990	13,755,601	1,806,464	3,901,009	275,786	(55,014,576)	753,274

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Desert Gold Ventures Inc. (the “Company”) is an exploration stage company and is engaged in the acquisition, exploration and development of mineral resource properties. The principal business of the Company is conducting mineral property exploration in Mali. The Company’s shares are traded on the TSX Venture Exchange (the “TSX-V”) under the symbol DAU.

The head office and principal address is located at 9648-128th Street, Suite 210, Surrey, BC, V3T 2X9.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

The Company had an accumulated deficit of $55,014,576 at March 31, 2023 and did not have revenue since inception. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuing operations and its ability to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and/or to seek joint venture partners. Although the Company has been successful at raising capital in the past, there is no assurance that the Company will be able to raise adequate financing on terms that are acceptable to the Company, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Company would need to raise additional capital to accomplish its business objectives thereafter.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards - 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the most recent year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

Basis of consolidation and presentation

These consolidated financial statements have been prepared on an historical cost basis, modified where applicable. These statements have been prepared using the accrual basis of accounting except for cash flow information, are presented in US dollars, unless otherwise specified.

		Ownership percentage	
Name	Country of incorporation	March 31, 2023	December 31, 2022
TransAfrika Belgique S.A. (dormant)	Belgium	100%	100%
Desert Gold Ltd.	Rwanda	100%	100%
TransAfrika Senegal S.A. (dormant)	Senegal	100%	100%
GoldBanks Nevada Ventures Inc. (dormant)	USA	100%	100%
Ashanti Gold Corp. (dormant)	Canada	100%	100%
Ashanti Gold Mali S.A.R.L.(dormant)	Mali	100%	100%
Desert Gold Mali S.A.R.L.	Mali	100%	100%
Legend Mali Holdings (BVI) Inc.(dormant)	BVI	100%	100%

The Company has various dormant subsidiaries that hold the interests in resources properties

(Unaudited - Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation and presentation

Adoption of new accounting policies

The Company has not adopted new accounting policies since its recent year ended December 31, 2022.

Significant estimates and judgements

Significant Judgements

The most significant judgments in applying the Company's accounting policies in these consolidated financial statements are:

Title to Mineral Property Interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

Significant Estimates
Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

Recoverability and measurement of deferred tax assets
In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Assumptions used to assess share-based compensation
In assessing the fair value of stock options granted and vested, the Company applies Black-Scholes Option pricing model. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

3. OTHER RECEIVABLES

The Company's other receivable consisted of the following:

	March 31, 2023	**December 31, 2022**
	$	**$**
Receivable from Indigo	65,733 *(i)*	65,733
GST recoverable	28.890	26,883
	94,623	92,616

(i) The Company received the full amount of $65,733 in May 2023.

(Unaudited - Expressed in US dollars)

4. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consisted of the following:

	March 31, 2023	December 31, 2022
	$	$
Trade payable	85,059	391,665
Accrued liabilities	145,384	148,033
	230,443	539,698

5. EXPLORATION AND EVALUATION PROPERTIES

The Company is an exploration stage Company which holds various mineral property interests.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of resource properties in.

MALI – SMSZ Projects

In Mali, the Company is operating the Senegal Mali Shear Zone Project ("SMSZ").

SMSZ: This Project consists of i) Farabantourou Project; ii) 100% interest of the Farikounda Project (acquired in 2019 through the acquisition of Ashanti Gold Corp.); iii) an option agreement with Mineral Management Consulting ("MMC") ("MMC Option") to acquire certain concessions; iv) two-concession block (the "Sebessounkoto Sud" Project and "Djelimangara" Project, collectively the "Altus Permits"); v) an option agreement ("SUD Option") for the acquisition of a 95% interest in Linguekoto Property; vi) an option agreement (the "Harmattan Option") for the acquisition of all the rights of a research permit in the Sola West area; v) the Kolomba Exploration Permit that is contiguous to other permits of the SMSZ projects.

i) **Farabantourou Project** - The Company's Farabantourou project consists of a small-scale mining license ("Petite License") issued in October 2018 for four years and a Farabantourou exploration permit (the "Farabantourou Quest Permit") issued in November 2018 for an initial 3-year term renewal for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $138,000, $ 333,000, and $371,000 during the first, second, and third years respectively for the maintenance of the Farabantourou Quest Permit. On December 15, 2022, the Company received the renewed Petite License for another four years.

As at the quarter ended March 31, 2023 and the date of this report, the renewal of the Farabantourou Quest permit is in the progress.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

ii) **Farikounda Permit** – The Company acquired this property in 2019 through the acquisition of Ashanti Gold Corp. ("Ashanti"). The Farikounda permit in Mali was renewed in November 2019 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $158,000, $419,000, and $347,000 during the first, second, and third years respectively.

When the Company acquired the Farikounda permit through the acquisition of Ashanti, the Farikounda permit was held by a Malian subsidiary Ashanti Gold Mali S.A.R.L ("Ashanti Mali") whereby a minority shareholder had a 5% interest. During the year ended December 31, 2020, the Company paid $80,000 to acquire this remaining 5% interest in Ashanti Mali from the minority shareholder.

As at the quarter ended March 31, 2023 and the date of this report, the renewal of the Farikounda permit is in the progress.

In addition, the Company acquired the Anumso Option through the acquisition of Ashanti for the Anumso Project in Ghana. The Company allowed this option to lapse in April 2021.

iii) **MMC Option** - During the year ended December 31, 2019, the Company entered into an option agreement with MMC to acquire a 100% interest in certain properties (the "Keniebandi-Est Permit" and "Kousilli West Permit"). The Company will earn a 100% interest in these two permits satisfying the following headline terms:

- Payment of CAD $500,000, of which CAD $250,000 was paid in July 2019 to earn an initial 55% interest with the balance of CAD $250,000 to be paid over a three year period. The Company is also required to issue 1,000,000 common shares to MMC in four equal instalments between 2019 to 2023. The Company issued 250,000 common shares with a fair value of $35,974 to fulfil the first instalment.
- On May 5, 2020, the Company issued 250,000 common shares with fair value of $17,816 and paid $74,550 (CAD$100,000) to MMC to fulfil the annual obligation for fiscal 2020.
- The Company issued 250,000 common shares with fair value of $31,910 (CAD$40,000) and paid $61,319 (CAD$75,000) to MMC in May 2021 to fulfil the annual obligation for fiscal 2021.
- On May 4, 2022, the Company issued 250,000 common shares with fair value of $19,113 (Note 7) and paid $58,995 (CAD$75,000) to MMC to fulfil the annual obligation for fiscal 2022.
- Incur exploration expenditures of CAD $350,000 over a three year period.

The underlying exploration permit of this property was renewed in 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $125,000, $416,000, and $423,000 during the first, second, and third years respectively.

MMC shall retain a 2% NSR on all ore mined from the properties.

During the three-year option period, the Company will be responsible for maintaining the permit in good standing and performing any and all obligations required by law and will take over operation control of the projects on closing of the transaction with MMC.

As at the quarter ended March 31, 2023 and the date of this report, the Company is awaiting approval for renewal of the Keniebandi-Est Permit and Kousilli West Permit.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

iv) **Altus Permits** - In August, 2019 the Company entered into an agreement with Altus Strategies PLC ("Altus") to acquire a 100% interest in Altus' Sebessounkoto Sud and Djelimangara projects (collectively the Altus Permits"). Terms of the agreement are as follows:

Part 1: Consideration

Upon signing of the agreement, the Company will:

- Within 5 business days make a cash payment of $50,000 to Altus (paid in October 2019); and
- Within 14 business days and subject to any regulatory approval as may be required, issue 3,000,000 common shares to Altus (issued in October 2019).

Part 2: Milestone payments:
Upon the reception of a NI 43-101 compliant independent resource over the Project, which exceeds 500,000 ounces of gold, the Company will (in respect of the first 500,000 ounces only):

- Within 5 business days make a cash payment of $100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 2,000,000 common shares to Altus.

Upon the reception of a NI 43-101 compliant independent resource over the Project which exceeds 1,000,000 ounces of gold, then the Company will (in respect of the second 500,000 ounces only):

- Within 5 business days make a cash payment of $100,000 to Altus; and
- Within 14 business days and subject to any regulatory or shareholder approvals as may be required, issue 3,000,000 shares to Altus.

Part 3: Project Royalties

Altus will retain a 2.5% NSR ("Altus NSR") royalty on the Project.

The Company will have the right to purchase up to 1.5% of the Altus NSR. The amount payable by the Company to Altus will be calculated by reference to the NI 43-101 gold reserve figure reported in an independent definitive feasibility study on the Project as follows:

- $6,000,000 if the reserve is greater than 1,000,000 ounces;
- $3,000,000 if the reserve is less than 1,000,000 ounces but greater than 500,000 ounces;
- $1,000,000 if the reserve is less than 500,000 ounces but greater than 250,000 ounces;
- Furthermore, the Company will have a 60-day right of first refusal, to acquire such portion of the balance of the Altus NSR that Altus may, from time to time, wish to sell.

Altus will provide the Company a 10-day written notice of any intention to sell any of its shares of the Company. During that 10-day period, the Company will have the right to find a third party to acquire such shares of the Company directly from Altus.

The Sebessounkoto Sud project is comprised of an exploration permit renewed in July 2018 for three years with the option to renew for two additional 2-year terms. The Company is required to incur minimum exploration expenditures of $108,000, $383,000 and $607,000 during the first, second, and third years respectively. On October 11, 2022, the Company received a renewed Sebessounkoto Sud Permit which has a term of three years with the option to renew for one additional 3-year term. The Company is required to incur minimum exploration expenditures of $220,000, $220,000 and $307,100 during the first, second, and third years respectively.

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

iv) Altus Permits (continued)

The Djelimangara project is comprised of an exploration permit renewed in October, 2019 for two years without a renewable option, which expired in 2021. A new permit (the “Kamana Permit”) was granted on October 21, 2022 in approximately the same area. The Kamana Permit has a term of three years with the option to renew for two additional 3-year term. The Company is required to incur minimum exploration expenditures of $166,500, $370,600 and $531,800 during the first, second, and third years respectively.

v) **SUD Option** - In September 2019, the Company entered into an option agreement with SUD Mining SARL (“SUD”) to secure the right to acquire a 95% interest in the Linguekoto property (the "Linguekoto Project”).

Terms of this option agreement are as follow:

- The Company will pay SUD $150,000, of which $50,000 was paid upon closing of the transaction in October 2019 with the balance of $100,000 to be paid over a three-year period;
  - During fiscal 2020, the Company paid $40,000 to fulfil the annual instalment obligation;
  - During the year ended December 31, 2021, the Company paid $30,000 to fulfil the obligation for 2021.
  - The Company paid $30,000 in September 2022 to fulfil the obligation for 2022.
- Incur exploration expenditures of $120,000 over a three-year period.

During the three-year option period, the Company is responsible for maintaining the permit in good standing and perform any and all obligations required by law. In the event that, within 60 months from the transaction date, 100,000 oz gold, NI 43-101 compliant reserves are discovered at Linguekoto, the Company will issue 250,000 common shares to SUD. The Company will issue an additional 250,000 common shares for every additional 100,000 ounces of gold, NI compliant 43-101 reserves declared at Linguekoto, up to a maximum aggregate amount of 1,250,000 shares.

The underlying exploration permit of the SUD option was renewed in September 2019 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $112,000, $229,000 and $241,000 during the first, second, and third years respectively. SUD will retain a 5% carried interest, in the concession, before any interest retained by the government of Mali.

As at the quarter ended March 31,2023 and the date of this report, the Company is awaiting final approval for renewal of the permit for the Linguekoto Project.

vi) **Harmattan Option** - During the year ended December 31, 2020, the Company entered into an option agreement with Harmattan Consulting SARL (the “Optionor”) to acquire a 95% interest in the rights of a research permit (the “Sola West Permit”) of the Sola West Concession.

Terms of the option agreement are as follows:

- Cash payment of $20,548 (12 million Mali CFA) to the Optionor for the option fees and taxes in connection with the mineral interests (paid);
- Issuance of 100,000 common shares of the Company to the Optionor (issued in March 2021 with a market value of $11,169).

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

iv) Harmattan Option (continued)

At the completion of the above payments, the Company would have acquired:

- the rights to carry out operations on the Sola West Permit;
- the exclusive option to acquire a 95% interest in the Permit after payments of the following:
    - $33,183 (18 million Mali CFA) within 5 days at the publication of the Sola West Licensing Order (paid in February 2021);
    - $82,957 (45 million Mali CFA) that was paid in June 2021, and 100,000 common shares of the Company issued in March 2021 with a market value of $11,169;
    - $54,846 (33 million Mali CFA) that was paid on June 7, 2022, and 50,000 common shares were issued on June 1, 2022 with a market value of $4,326 (Note 7).

The underlying exploration permit of the Harmattan Option was renewed in December 2020 for three years with the option to renew for two additional 2-year terms. The permit holder is required to incur minimum exploration expenditures of $126,000, $287,000 and $160,000 during the first, second, and third years respectively.

After the Sola West Permit is transferred to the Company, the Company will pay $56,507 (33 million Mali CFA) within ten days after the transfer and issue 50,000 common shares of the Company to the Optionor.

Within 10 days after the Company informs the Optionor of the production decision of the Sola West Permit, the Company will pay:

- $250,000 in the event of mining operation based on a feasibility study that indicates proven and probable reserves of a maximum 500,000 oz of gold;
- $1 per ounce for the exploitation of a deposit based on a feasibility study that indicates proven and probable reserves between 500,000 to 1,000,000 oz of gold.

In addition of the above, the Company will grant a 2% NSR in connection with the Sola West Permit. The Company has the right at any time to purchase 1% of the NSR for $1,000,000.

vii) **Kolomba Permit** - In September 2021, the Company was granted the Kolomba Exploration Permit with an initial three-year terms from the date of issuance (November 1, 2021). The Company has the right to renew this permit for two additional two-year periods. The permit holder is required to incur minimum exploration expenditures of $158,000, $395,000 and $485,000 during the first, second, and third years respectively.

<u>MALI – Djimbala Project</u>

The Company received the permit in October 2019 for an initial 3-year term, with an option to renew for two additional 2-year term. On April 9, 2020, the Company signed a four-year option agreement with Indigo Exploration Inc ("Indigo"), whereby Indigo can acquire up to 100% interest in the Djimbala Permit by the issuance of Indigo's shares and completion of work program. August 17, 2022, Indigo terminated the option agreement. As a result, the Company decided not to renew the permit of the Djimbala project during the year ended December 31, 2022.

<u>RWANDA Project</u>

During the year ended December 31, 2022, the Company decided not to continue holding its interest in a commercial gold mining license in Rwanda.

(Unaudited - Expressed in US dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (Continued)

SUMMARY OF EXPLORATION EXPENDITURS

Exploration expenditures incurred during three months ended March 31, 2023 are as follow:

	SMSZ Project	Rwanda Project	Total
	$	$	$
Permit renewal and maintenance	10,727	-	10,727
Drilling	37,709	-	37,709
Geo-analysis	14,374	-	14,374
Camp supplies, exploration, and office	32,727	-	32,727
Salaries	64,673	-	64,673
Total	160,210	-	160,210

Exploration expenditures incurred during three months ended March 31, 2022 are as follow:

	SMSZ Project	Rwanda Project	Total
	$	$	$
Permit renewal and maintenance	118,815	-	118,815
Drilling	39,292	-	39,292
Geo-analysis	75,813	-	75,813
Camp supplies, exploration, and office	95,509	9,580	105,089
Salaries	108,661	-	108,661
Total	438,090	9,580	447,670

6. MARKETABLE SECURITIES

During the quarter ended March 31, 2023, the Company disposed all of the 1,890,892 shares of Indigo for $69,108 and recorded a gain of $13,263. As at March 31, 2023, the Company did not hold shares of Indigo (2022/12/31 1,890,892 shares).

7. SHARE CAPITAL

(a) Share capital

Authorized share capital

Unlimited number of common shares without par value; and 1,250,000 preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

(Unaudited - Expressed in US dollars)

7. SHARE CAPITAL (Continued)

Issued share capital

2023
The Company received all of the subscription receivable of $212,977 during January 2023.

2022
In April 2022, the Company completed a non-brokered private placement for the issuance of 11,742,334 security units ("Unit') at a price of CAD $0.12 per Unit for gross proceeds of $1,082,878 (CAD$1,409,080). The Company paid cash finder's fees of $8,663 (CAD$11,206).) Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share at a price of CAD $0.18 per share for a period of two years from issuance.

The Company applied the residual method and has allocated $180,475 for the issuance of warrants in connection with this private placement.

During May and June 2022, the Company issued 250,000 and 50,000 common shares in connection with MMC Option and Harmattan Option (Note 6), with fair value totaling $23,439.

On December 21, 2022, the Company issued 33,242,184 security units via a non-brokered private placement at a price of CAD $0.07 per unit for gross proceeds of $1,788,263 (CAD$2,326,953). Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share at a price of CAD $0.08 per share for a period of three years from closing. Including to this private placement were 165,000 units (with a fair value of $8,838) issued for services rendered by a consultant and 285,714 units (with a fair value of $15,370) issued to settle an account payable to an officer of the Company (Note 9).

The Company applied the residual method and allocated $255,460 for the issuance of warrants in connection with this private placement.

As at December 31, 2022, there was a subscription receivable of $212,977.

The Company paid cash finder's fees of $22,186 (CAD $28,770) and issued 441,000 broker warrants with a fair value of $11,687. Each broker warrant is exercisable at CAD$0.08 per common share for a period of three years from closing.

(b) Stock options

2023

On March 21, 2023, the Company granted 2,875,000 incentive stock options to consultants, directors, and officers at exercise prices of CAD$0.07 per share and have an expiry date five years from the date of grant. All options were fully vested at the grant date.

Stock option continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2021	10,540,512	CAD$ 0.16
Expired	(1,095,512)	0.26
Balance, December 31, 2022	9,445,000	0.15
Issuance	2,875,000	0.07
Balance, March 31, 2023	12,320,000	CAD$ 0.13

(Unaudited - Expressed in US dollars)

8. SHARE CAPITAL (Continued)

(b) Stock option (continued)

2022
There were no options granted or exercised during the year ended December 31, 2022

Stock options outstanding and exercisable as at March 31, 2023 are summarized as follows:

Exercise price (CAD$)	Number of outstanding	Expiry date	Number of options exercisable
0.25	645,000	01-May-23	645,000
0.19	1,125,000	08-Feb-24	1,125,000
0.16	2,925,000	04-Oct-24	2,925,000
0.10	2,900,000	13-May-25	2,900,000
0.20	250,000	29-May-25	250,000
0.15	1,600,000	22-Jan-26	1,600,000
0.07	2,875,000	20-Mar-28	2,875,000
	12,320,000		12,320,000

As at March 31, 2023, the Company's options have a weighted average exercise price of CAD$0.13 per share and remaining life of 2.50 years.

During the three months ended March 31, 2023, the Company recorded share-based compensation of $78,648 (2022 - $292). The fair values of options have been estimated by using the Black-Scholes option pricing model with the application of the following assumptions:

	2023	2022
Risk-free interest rate	2.97%	0.4%
Expected life of options	5 years	5 years
Annualized volatility	105%	125%
Dividend rate	0.00%	0.00%

(Unaudited - Expressed in US dollars)

7. SHARE CAPITAL (Continued)

(c) Warrants

On March 31, 2023, the weighted average remaining life of the Company's outstanding warrants was 1.84 years. Continuity is as follows:

	Number	Weighted average exercise price
Balance, December 31, 2021	38,119,071	CAD$ 0.28
Issuance of warrants	45,425,518	0.11
Expiry of warrants	(7,450,900)	0.30
Balance, March 31, 2023 and December 31, 2022	76,093,689	CAD$ 0.17

Warrants outstanding as at March 31, 2023 are summarized as follows:

Exercise price (CAD$)	Number of outstanding	Expiry date
0.15	7,964,937	08-May-23
0.2	4,316,668	23-May-23
0.4	12,195,428	28-Aug-23
0.25	5,995,348	16-Dec-24
0.25	195,790	16-Dec-24
0.18	11,742,334	26-Apr-24
0.08	33,683,184	21-Dec-25
	76,093,689	

8. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management and companies related to key management are as follows:

Three months ended March 31,	**2023**	**2022**
	$	**$**
Consulting fees	70,358	103,338
Rent	4,436	4,738
Share-based compensation	77,700	-

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities (Note 3) included the following balances owing to related parties.

Due to Related parties	**Nature**	**March 31, 2023**	**December 31, 2022**
Key management	Consulting fees	9,385	21,992

(Unaudited - Expressed in US dollars)

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial instruments included in the statement of financial position are as follows:

		March 31, 2023	December 31, 2022
		$	$
Cash	Amortized cost	853,162	1,220,393
Marketable securities	FVTPL	-	55,845
Other receivables	Amortized cost	94,623	92,616
Accounts payable and accrued liabilities	Amortized cost	(230,443)	(539,698)

Fair value

The fair value hierarchy established by IFRS 13 Fair Value Measurement has three levels to classify the inputs to valuation techniques used to measure fair value described 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 assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At the respective reporting dates, all of the Company's financial instruments had maturities less than one year. As a result, the carrying amount of accounts payable and accrued liabilities approximated their fair values due to their short-term maturities.

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. 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 policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient cash on demand to meet its liabilities when they fall due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company is subject to liquidity risk.

Interest rate risk
As at March 31, 2023, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to changes in interest rates.

9. FINANCIAL INSTRUMENTS (Continued)

Risk management (Continued)

Foreign currency risk
Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from optionees and investment securities

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high quality credit standing. Receivables comprise mainly subscription receivable, receivable from optionee, and GST receivable from the government. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.