

# **GOLDHILLS HOLDING LTD.**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**

Expressed in Canadian Dollars

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## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Goldhills Holding Ltd. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed consolidated interim financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of condensed consolidated interim financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the external auditors to the Board.

We draw attention to Note 1 in the condensed consolidated interim financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

March 31, 2023

**"Sergei Stetsenko"**  
Sergei Stetsenko, CEO

**"Rupert Williams"**  
Rupert Williams, Director

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instruments 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 interim financial statements have not been reviewed by an auditor.

The accompanied unaudited condensed consolidated interim 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 condensed consolidated interim financial statements in accordance with the standards by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor

**GOLDHILLS HOLDING LTD.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

As at January 31, 2023 and July 31, 2022

Expressed in Canadian Dollars

|                                                                | Note | January 31,<br>2023 | July 31,<br>2022  |
|----------------------------------------------------------------|------|---------------------|-------------------|
| <b>ASSETS</b>                                                  |      |                     |                   |
| <b>Current Assets</b>                                          |      |                     |                   |
| Cash                                                           |      | \$ 120,027          | \$ 46,014         |
| Other receivables                                              | 6(c) | -                   | 104,510           |
| GST receivables                                                |      | 3,138               | 1,976             |
| Prepaid expense                                                |      | 1,987               | 49,997            |
| Total current assets                                           |      | 125,152             | 202,497           |
| Exploration and evaluation assets                              | 8    | 1                   | 1                 |
| <b>TOTAL ASSETS</b>                                            |      | <b>\$ 125,153</b>   | <b>\$ 202,498</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>       |      |                     |                   |
| <b>LIABILITIES</b>                                             |      |                     |                   |
| <b>Current Liabilities</b>                                     |      |                     |                   |
| Trade and other payables                                       | 6, 7 | \$ 351,310          | \$ 160,488        |
| <b>TOTAL LIABILITIES</b>                                       |      | <b>351,310</b>      | <b>160,488</b>    |
| <b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>                       |      |                     |                   |
| Share capital                                                  | 9    | 16,383,660          | 16,383,660        |
| Share-based payment reserve                                    | 9    | 2,843,056           | 2,843,056         |
| Deficit                                                        |      | (19,452,873)        | (19,184,706)      |
| <b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>                 |      | <b>(226,157)</b>    | <b>42,010</b>     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b> |      | <b>\$ 125,153</b>   | <b>\$ 202,498</b> |

**Nature of Operations and Going Concern (Note 1)**

The condensed consolidated interim financial statements were approved by the Board of Directors on March 31, 2023 and were signed on its behalf by:

**"Sergei Stetsenko"**  
Sergei Stetsenko, CEO and Director

**"Rupert Williams"**  
Rupert Williams, Director

**GOLDHILLS HOLDING LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
*Expressed in Canadian Dollars*

|                                                                                 | Note | Three months ended<br>January 31, |              | Six months ended<br>January 31, |              |
|---------------------------------------------------------------------------------|------|-----------------------------------|--------------|---------------------------------|--------------|
|                                                                                 |      | 2023                              | 2022         | 2023                            | 2022         |
| <b>EXPENSES</b>                                                                 |      |                                   |              |                                 |              |
| <b>General and administrative</b>                                               |      |                                   |              |                                 |              |
| Management fees                                                                 | 7    | \$ 89,804                         | \$ 85,378    | \$ 179,738                      | \$ 169,862   |
| Professional fees                                                               |      | 26,653                            | 8,510        | 30,256                          | 11,006       |
| Transfer agent and filing fees (recovery)                                       |      | 3,704                             | 7,858        | (2,808)                         | 13,299       |
| Office and general                                                              |      | -                                 | 9,456        | -                               | 9,456        |
| Bank, interest, and other expenses                                              |      | 515                               | 429          | 956                             | 1,044        |
| Investor relations                                                              |      | 25,000                            | -            | 50,000                          | -            |
| Foreign exchange loss                                                           |      | 4,890                             | 5,623        | 10,025                          | 4,602        |
| <b>Loss before other item</b>                                                   |      | (150,566)                         | (117,254)    | (268,167)                       | (209,269)    |
| <b>Other item</b>                                                               |      |                                   |              |                                 |              |
| Transaction costs                                                               |      | -                                 | (976)        | -                               | (36,015)     |
| <b>Net Loss and Comprehensive Loss for the Period</b>                           |      | \$ (150,566)                      | \$ (118,230) | \$ (268,167)                    | \$ (245,284) |
| <b>Basic and Diluted Loss Per Share</b>                                         |      | \$ (0.01)                         | \$ (0.01)    | \$ (0.01)                       | \$ (0.01)    |
| <b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b> |      | 29,752,054                        | 20,318,665   | 35,531,778                      | 20,318,665   |

**GOLDHILLS HOLDING LTD.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

**FOR THE SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**

*Expressed in Canadian Dollars*

|                                                                                       | Common Shares     |                   |                       | Share-<br>Based<br>Payment<br>Reserve | Deficit             | Shareholders'<br>Equity<br>(Deficiency) |
|---------------------------------------------------------------------------------------|-------------------|-------------------|-----------------------|---------------------------------------|---------------------|-----------------------------------------|
|                                                                                       | Shares            | Amount            | Share<br>Subscription |                                       |                     |                                         |
|                                                                                       | #                 | \$                | \$                    | \$                                    | \$                  | \$                                      |
| <b>Balance, July 31, 2021</b>                                                         | <b>20,318,665</b> | <b>11,736,168</b> | -                     | <b>1,876,808</b>                      | <b>(13,641,066)</b> | <b>(28,090)</b>                         |
| Share subscription                                                                    | -                 | -                 | 25,000                | -                                     | -                   | 25,000                                  |
| Net loss for the period                                                               | -                 | -                 | -                     | -                                     | (245,284)           | (245,284)                               |
| <b>Balance, January 31, 2022</b>                                                      | <b>20,318,665</b> | <b>11,736,168</b> | <b>25,000</b>         | <b>1,876,808</b>                      | <b>(13,886,350)</b> | <b>(248,374)</b>                        |
| <b>Balance, July 31, 2022</b>                                                         | <b>41,311,503</b> | <b>16,383,660</b> | -                     | <b>2,843,056</b>                      | <b>(19,184,706)</b> | <b>42,010</b>                           |
| Cancelled shares issued for the acquisition of Sun<br>and Sand Mining (Notes 8 and 9) | (12,742,838)      | -                 | -                     | -                                     | -                   | -                                       |
| Net loss for the period                                                               | -                 | -                 | -                     | -                                     | (268,167)           | (268,167)                               |
| <b>Balance, January 31, 2023</b>                                                      | <b>28,568,665</b> | <b>16,383,660</b> | -                     | <b>2,843,056</b>                      | <b>(19,452,873)</b> | <b>(226,157)</b>                        |

**GOLDHILLS HOLDING LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
*Expressed in Canadian Dollars*

|                                                            | Three months ended<br>January 31, |              | Six months ended<br>January 31, |              |
|------------------------------------------------------------|-----------------------------------|--------------|---------------------------------|--------------|
|                                                            | 2023                              | 2022         | 2023                            | 2022         |
| <b>OPERATING ACTIVITIES</b>                                |                                   |              |                                 |              |
| <b>Net loss for the period</b>                             | \$ (150,566)                      | \$ (118,230) | \$ (268,167)                    | \$ (245,284) |
| <b>Item not affecting cash:</b>                            |                                   |              |                                 |              |
| Unrealized foreign exchange (gain) loss                    | (4,114)                           | 4,070        | 3,160                           | 2,156        |
|                                                            | (154,680)                         | (114,160)    | (265,007)                       | (243,128)    |
| <b>Net changes in non-cash working capital:</b>            |                                   |              |                                 |              |
| Receivables                                                | 102,166                           | (147)        | 103,348                         | (1,190)      |
| Prepaid expenses                                           | 25,000                            | 4,878        | 48,010                          | 9,393        |
| Trade and other payables                                   | 99,581                            | 39,932       | 187,662                         | 121,358      |
| <b>Net cash provided by (used in) operating activities</b> | 72,067                            | (69,497)     | 74,013                          | (113,567)    |
| <b>FINANCING ACTIVITY</b>                                  |                                   |              |                                 |              |
| Share subscription                                         | -                                 | 25,000       | -                               | 25,000       |
| <b>Net cash provided by financing activity</b>             | -                                 | 25,000       | -                               | 25,000       |
| <b>Increase (decrease) in cash</b>                         | 72,067                            | (44,497)     | 74,013                          | (88,567)     |
| <b>Cash, beginning of period</b>                           | 47,960                            | 123,403      | 46,014                          | 167,473      |
| <b>Cash, end of period</b>                                 | \$ 120,027                        | \$ 78,906    | \$ 120,027                      | \$ 78,906    |

**1) Nature of Operations and Going Concern**

Goldhills Holding Ltd. (the "Company") was incorporated in the Province of British Columbia on December 20, 1996. On September 28, 2019, the Company changed its name from Greatbanks Resources Ltd. to Goldhills Holding Ltd. and has a new trading symbol on the TSX Venture Exchange ("TSX-V") as ("GHL"). The Company is in the exploration stage. The Company's registered and records office is at 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

On February 3, 2021, the Company began trading on the OTCQB under the symbol of "GODZF".

On April 25, 2022, the Company acquired Sun & Sand Mining & Metals Guinea SA ("Sun & Sand"), a corporation based in Guinea, West Africa. The Company acquired 100% of the issued and outstanding shares of Sun and Sand, including all of the existing assets of Sun and Sand (Note 8).

These condensed consolidated interim financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes 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 business of mining and exploration involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable mining operations. The recoverability of mineral property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Consistent with other companies in the sector of mineral exploration, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant cash requirements to meet its overheads and maintain its mineral interests. The Company needs to raise equity financing in the short-term to continue its operations. These conditions indicate a material uncertainty exists that may cast significant doubt upon the Company's ability to continue as a going concern.

For the Company to continue to operate as a going concern it needs the ongoing financial support of its related parties and vendors and the Company must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the financial position classifications used and such adjustments could be material.

**2) Basis of Preparation**

**Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and pronouncements of the IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"), in compliance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, and effective for the period ended January 31, 2023. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 31, 2023.

These condensed consolidated interim financial statements have been prepared under the historical cost convention as set out in the accounting policies in Note 3 except for amounts recorded at fair value.

**2) Basis of Preparation (continued)**

**Statement of Compliance (continued)**

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods (see Note 4).

**Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Sun & Sand Mining & Metals Guinea SA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated on consolidation.

**3) Summary of Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. The Company's principal accounting policies are outlined below:

**a) Presentation and Functional Currency**

The condensed consolidated interim financial statements are presented in Canadian dollars. The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions and at the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions.

Exchange gains and losses arising on translation are included in the condensed consolidated interim statements of loss and comprehensive loss.

Translation to presentation currency

The results and financial position of those entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the Statements of Financial Position;
- Income and expenses are translated at average exchange rates; and
- Any resulting exchange differences are recognized in accumulated other comprehensive loss.

**3) Summary of Significant Accounting Policies (continued)**

**b) Share-Based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes Option-Pricing Model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised, and the amount initially recorded is then credited to capital share. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**3) Summary of Significant Accounting Policies (continued)**

**c) Income Taxes**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates 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 the deferred tax asset can be utilized. At the end of each reporting year 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.

**d) Loss Per Share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

**e) Cash**

Cash consist of deposits in banks with an original maturity of three months or less.

**f) Financial Instruments**

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

**3) Summary of Significant Accounting Policies (continued)****f) Financial Instruments (continued)**Classification (continued)

The following table shows the classification under IFRS 9:

| <b>Financial assets/liabilities</b> | <b>IFRS 9 Classification</b> |
|-------------------------------------|------------------------------|
| Cash                                | FVTPL                        |
| Other receivable                    | Amortized cost               |
| Trade and other payables            | Amortized cost               |

Measurement***Financial assets at FVTOCI***

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

**3) Summary of Significant Accounting Policies (continued)****f) Financial Instruments (continued)**Derecognition (continued)***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

**g) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

**h) Leases**

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of August 1, 2019. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The Company has no leases.

**i) Exploration and Evaluation Assets**

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

**a) Going Concern**

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern as disclosed in Note 1.

**b) Business Combinations**

Judgment is required to determine if the Company's acquisitions represent a business combination or an asset acquisition. For acquisitions accounted as business combination, goodwill was recognized on the transactions and acquisition costs were expensed. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired and liabilities incurred or assumed. For acquisitions representing asset acquisition, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased. An allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired was calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. During the year ended July 31, 2022, management concluded that the Company's acquisition of Sun and Sand did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs (Note 8). Accordingly, the acquisition of Sun and Sand was accounted for as an asset acquisition.

**c) Share-Based Payment Transactions**

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments such as stock options and compensatory warrants at the date they are granted. Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 9.

**d) Rehabilitation Provisions**

Rehabilitation provisions have been assessed based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred.

**4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)****e) Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

**f) Recovery of Deferred Tax Assets**

Judgment is required in determining whether deferred tax assets are recognized on the statements of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

**5) Future Accounting Pronouncements**

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

**6) Financial Instruments and Risk Management****a) Financial Instrument Classification and Measurement**

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are carried at FVTPL and amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at January 31, 2023 due to the immediate or short-term maturities of the financial instruments.

**Fair values of financial assets and liabilities**

The Company's financial instruments include cash, other receivable and trade and other payables. Trade and other payables approximate their fair value due to their short-term nature. The fair value of cash is determined using level 1 inputs.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

**6) Financial Instruments and Risk Management (continued)****b) Market Risk**

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

**c) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and other receivable related to reimbursable deposit from a multinational mining consultant company. Accordingly, the Company believes it is not exposed to significant credit risk.

**d) Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required. The Company is not exposed to significant foreign currency risk.

**e) Liquidity Risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows, this is a significant risk.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at January 31, 2023 and July 31, 2022:

|                          | <b>3 months</b> | <b>3 and 12 months</b> | <b>Over 12 months</b> | <b>Total</b> |
|--------------------------|-----------------|------------------------|-----------------------|--------------|
| <b>January 31, 2023</b>  |                 |                        |                       |              |
| Trade and other payables | \$ 351,310      | \$ -                   | \$ -                  | \$ 351,310   |
| <b>July 31, 2022</b>     |                 |                        |                       |              |
| Trade and other payables | \$ 160,488      | \$ -                   | \$ -                  | \$ 160,488   |

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2023 AND 2022****Expressed in Canadian Dollars****7) Related Party Transactions**

Related party transactions and balances at January 31, 2023 and for the period then ended not disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

| Name and Principal Position                                               |      | Remuneration<br>of Fees <sup>(1)</sup> | Included in Accounts<br>Payable |
|---------------------------------------------------------------------------|------|----------------------------------------|---------------------------------|
|                                                                           |      | \$                                     | \$                              |
| A company controlled by the current CEO<br>and director - Management fees | 2023 | 80,869                                 | 80,100                          |
|                                                                           | 2022 | 75,931                                 | 89,033                          |
| A company controlled by the current CFO -<br>Management fees              | 2023 | 18,000                                 | 31,500                          |
|                                                                           | 2022 | 18,000                                 | 15,850                          |
| Current directors of the Company -<br>Management fees                     | 2023 | 80,869                                 | 93,450                          |
|                                                                           | 2022 | 75,931                                 | 89,033                          |

<sup>(1)</sup> Amounts disclosed were paid or accrued to the related parties during the periods ended January 31, 2023 and 2022. The amounts are due on demand, unsecured and non-interest bearing.

During the six months ended January 31, 2023, aggregate remuneration of \$179,738 (2022 - \$169,862) was paid or accrued to key management personnel.

During the year ended July 31, 2022, 3,950,000 stock options were granted to key management personnel with fair value of \$759,652 (Note 9).

As at January 31, 2023, \$205,050 (July 31, 2022 - \$38,248) is included in trade and other payables owing to current directors and officers of the Company for management fees.

**8) Exploration and Evaluation Assets**

The continuity of the Company's exploration and evaluation assets is as follows:

|                                                                                       | Siguiri Property |
|---------------------------------------------------------------------------------------|------------------|
| <b>Acquisition costs:</b>                                                             |                  |
| Balance, July 31, 2021                                                                | \$ -             |
| Addition (Note 9)                                                                     | 4,172,853        |
| Transaction costs                                                                     | 63,050           |
| Balance, at July 31, 2022                                                             | \$ 4,235,903     |
| <b>Exploration costs:</b>                                                             |                  |
| Balance, at July 31, 2021                                                             | \$ -             |
| Consulting fees                                                                       | 58,986           |
| General and administration expenses                                                   | 6,238            |
| Geologist                                                                             | 74               |
| Transportation                                                                        | 7,398            |
| Professional fees                                                                     | 2,980            |
| Balance, at July 31, 2022                                                             | \$ 75,676        |
| <b>Impairment:</b>                                                                    |                  |
| Charge for the year                                                                   | (4,311,578)      |
| Balance, at July 31, 2022                                                             | (4,311,578)      |
| <b>Total exploration and evaluation assets, at July 31, 2022 and January 31, 2023</b> | <b>\$ 1</b>      |

**8) Exploration and Evaluation Assets (continued)****Siguiri Property**

On April 25, 2022, the Company completed its acquisition of Sun & Sand Mining & Metals Guinea SA ("Sun and Sand"), a corporation based in Guinea, West Africa, that holds a 100% interest in the Siguiri Property, a gold exploration property consisting of two contiguous blocks covering a total area of 175 square kilometres located in Siguiri.

In connection with the transaction, the Company acquired all of the issued and outstanding shares of Sun & Sand. On closing, the Company issued a total of 18,142,838 common shares at a fair value of \$4,172,853 (Note 9). As of January 31, 2023, the Company incurred a total of \$63,050 costs related to the Transaction. Upon completion of the Transaction, Sun and Sand became a wholly owned subsidiary of the Company.

The Company has accounted for the purchase of Sun & Sand as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combinations". The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

|                                                                  |    |           |
|------------------------------------------------------------------|----|-----------|
| Fair value of common shares issued (18,142,838 shares*) (Note 9) | \$ | 4,172,853 |
| Cash                                                             |    | 63,050    |
| Total consideration paid                                         | \$ | 4,235,903 |
| Allocated as follow:                                             |    |           |
| Exploration and evaluation asset                                 | \$ | 4,235,903 |

\*The fair value of 18,142,838 common shares issued was determined to be \$0.23 per share using the market price at acquisition date.

\*In November 2022, 12,742,838 of the 18,142,838 common shares issued under the Transaction have been returned to treasury for cancellation.

The Company had issues with obtaining access to the Siguiri Gold Property to conduct the necessary exploration to maintain its license. As a result, its license was not in good standing as at September 2022. Given the current status of the license claims, the Company recognized an impairment of \$4,311,578 for the year ended July 31, 2022.

**9) Share Capital****a) Authorized**

The Company is authorized to issue 100,000,000 common shares without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

In November 2022, 12,742,838 of the 18,142,838 common shares issued to acquire Sun and Sand have been returned to treasury for cancellation. The shares were returned to treasury as the Company did not have full access to the Siguiri Gold Property and the renewal of the license was affected by the lack of access. The Company may seek to re-issue those cancelled common shares upon resolution of its license status and confirmation that the Company will have the necessary access to the Siguiri Gold Property. Alternatively, the Company may seek the return of the balance of shares for cancellation in exchange for surrendering its ownership of Sun & Sand. Either course of action would be subject to necessary corporate and regulatory approvals including TSX-V approval.

**9) Share Capital (continued)**

**a) Authorized (continued)**

On February 24, 2022, the Company closed a private placement of 2,850,000 units at a price of \$0.25 for total proceeds of \$712,500. Each unit consists of one common share and one-half share purchase warrant. In connection with this issuance, the Company incurred \$40,888 share issuance costs.

On April 25, 2022, the Company issued 18,142,838 common shares with a fair value of \$4,172,853 for the acquisition of Sun & Sand Mining & Metals Guinea SA (Note 8).

During the year ended July 31, 2022, the Company received \$9,623 additional paid-in capital.

**b) Summary of Stock Option Activity**

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant, both in aggregate and in any one-year period. The maximum number of common shares reserved for issue to any one person other than employees conducting investor relations activities and any consultants under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period.

The number of options granted to all persons who are consultants or employed to perform investor relations activities shall not exceed 2% of the then issued and outstanding shares of the Company. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company.

On September 4, 2020, the Company granted a total of 166,000 stock options to its directors and officers, exercisable at \$0.15 per share. The stock options have an expiry of 10 years from the date of issuance and vest immediately (Note 7).

The fair value of the stock options was estimated to be \$19,404 and was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions: share price of \$0.15, expected share price volatility of 150.80%, expected life of 3 years and risk-free interest rate of 0.34%. The expected volatility is based on historical prices of comparable companies within the same industry due to lack of historical pricing information for the Company.

On April 15, 2021, the Company granted a total of 135,000 stock options to its directors and officers, exercisable at \$0.20 per share. The stock options have an expiry of 5 years from the date of issuance and vest immediately (Note 7).

The fair value of the stock options was estimated to be \$26,776 and was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions: share price of \$0.24, expected share price volatility of 150.32%, expected life of 3 years and risk-free interest rate of 0.73%. The expected volatility is based on historical prices of comparable companies within the same industry due to lack of historical pricing information for the Company.

On April 29, 2022, the Company granted a total of 3,950,000 stock options to its directors and officers, exercisable at \$0.25 per share. The stock options have an expiry of 5 years from the date of issuance and vest immediately (Note 7).

The fair value of the stock options was estimated to be \$759,652 and was determined using the Black-Scholes Option Pricing Model with the following weighted average assumptions: share price of \$0.22, expected share price volatility of 136.61%, expected life of 5 years and risk-free interest rate of 2.84%. The expected volatility is based on historical prices of comparable companies within the same industry due to lack of historical pricing

# NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2023 AND 2022

Expressed in Canadian Dollars

## 9) Share Capital (continued)

### b) Summary of Stock Option Activity (continued)

information for the Company.

The stock option activities during the six months ended January 31, 2023 and the year ended July 31, 2022 is summarized as follows:

| STOCK OPTION ACTIVITY        | January 31,<br>2023 | Exercise<br>Price | July 31,<br>2022 | Exercise<br>Price |
|------------------------------|---------------------|-------------------|------------------|-------------------|
| Balance, beginning of period | 3,995,000           | \$ 0.249          | 45,000           | \$ 0.200          |
| Granted                      | -                   | -                 | 3,950,000        | 0.250             |
| Balance, end of period       | 3,995,000           | \$ 0.249          | 3,995,000        | \$ 0.249          |

The following summarizes information about stock options outstanding and exercisable at January 31, 2023:

| EXPIRY DATE    | Options<br>outstanding and<br>exercisable | Exercise price | Weighted average<br>remaining<br>contractual life,<br>in years |
|----------------|-------------------------------------------|----------------|----------------------------------------------------------------|
| April 15, 2026 | 45,000                                    | \$ 0.200       | 3.21                                                           |
| April 29, 2027 | 3,950,000                                 | \$ 0.250       | 4.24                                                           |
|                | 3,995,000                                 |                | 4.23                                                           |

### c) Summary of Share Purchase Warrant Activity

In connection with the share issuance on February 24, 2022, the Company issued 1,425,000 share purchase warrants with a fair value of \$206,596 using the Black-Scholes Option Pricing Model with the following assumptions: expected life - 2 years; annualized volatility - 208.95%; risk-free interest rate - 1.44% per annum; dividend rate - 0%. Each warrant entitles the holder thereof to purchase one additional common share of the Company for a period of two years at an exercise price of \$0.40 per common share.

The warrant activity during the six months ended January 31, 2023 and the year ended July 31, 2022 is summarized as follows:

| WARRANT ACTIVITY             | January 31,<br>2023 | Exercise<br>Price | July 31,<br>2022 | Exercise<br>Price |
|------------------------------|---------------------|-------------------|------------------|-------------------|
| Balance, beginning of period | 1,425,000           | \$ 0.40           | -                | \$ -              |
| Issued - private placement   | -                   | -                 | 1,425,000        | 0.40              |
| Balance, end of period       | 1,425,000           | \$ 0.40           | 1,425,000        | \$ 0.40           |

The following summarizes information about share purchase warrants outstanding and exercisable at January 31, 2023:

| EXPIRY DATE       | Warrants<br>outstanding and<br>exercisable | Exercise price | Weighted average<br>remaining<br>contractual life,<br>in years |
|-------------------|--------------------------------------------|----------------|----------------------------------------------------------------|
| February 24, 2024 | 1,425,000                                  | \$ 0.400       | 1.07                                                           |

**9) Share Capital (continued)**

**c) Summary of Share Purchase Warrant Activity (continued)**

*Finders' warrants*

The Company recognizes warrant valuation for finder's fee warrants granted using the fair value-based method of accounting. No finder's fee warrants were issued for the six months ended January 31, 2023 and the year ended July 31, 2022.

**d) Reserves**

The share-based and warrant payment reserves recorded items recognized as share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**10) Capital Disclosure**

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 and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock. Capital raised is held in cash in an interest-bearing bank account until such time as it is required to pay operating expenses or mineral property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company is not subject to any externally imposed capital requirements and the Company's objectives have not changed during the six months ended January 31, 2023.

**11) Claims and Litigation**

On March 12, 2021, the Company paid \$13,518 as full settlement to the claims filed by Sandman Media Inc. against the Company in the Provincial Court of British Columbia in January 2020.