



CONDENSED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2023

(Unaudited)

(These financial statements have not been reviewed by the Company's auditor)

ARCUS DEVELOPMENT GROUP INC.

Condensed Statements of Financial Position (Unaudited, expressed in Canadian dollars)

As at

	Note	January 31, 2023	July 31, 2022
		\$	\$
ASSETS			
Current assets			
Cash		127,971	157,748
Amounts receivable	6	938	162
Prepaid expenses		-	201
		128,909	158,111
Non current assets			
Exploration and evaluation property interests	4	3	3
Total assets		128,912	158,114
EQUITY AND LIABILITIES			
Current liabilities			
Trade accounts payable	5	6,738	2,555
Term loan	10	40,000	40,000
Total liabilities		46,738	42,555
Equity			
Share capital	4, 8	9,607,028	9,607,028
Share option reserve		1,076,000	1,076,000
Share compensation reserve		135,000	135,000
Other reserve		623,605	623,605
Deficit		(11,359,459)	(11,326,074)
Total equity		82,174	115,559
Total equity and liabilities		128,912	158,114
Nature of operations and going concern	1, 2		

Approved by the Board of Directors:

"Ian J. Talbot"

Director

"James Gray"

Director

ARCUS DEVELOPMENT GROUP INC.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited, expressed in Canadian dollars)

	Note	For the three months ended January 31, 2023	For the three months ended January 31, 2022	For the six months ended January 31, 2023	For the six months ended January 31, 2022
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenditures	5	-	-	897	-
Bank charges and interest		68	80	160	172
Communications		180	230	360	885
Consultants		748	696	1,562	1,746
Insurance		-	-	10,482	9,529
Office and sundry		9	28	9	28
Professional fees		4,224	6,202	12,324	19,015
Trust and filing		7,036	5,326	7,591	6,239
Net loss and comprehensive loss for the period		12,265	12,562	33,385	37,614
Loss per share		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding		73,878,065	68,204,152	73,878,065	68,204,152

ARCUS DEVELOPMENT GROUP INC.

Condensed Interim Statements of Cash Flows (Unaudited, expressed in Canadian dollars)

		For the three months ended January 31, 2023	For the three months ended January 31, 2022	For the six months ended January 31, 2023	For the six months ended January 31, 2022
	Note	\$	\$	\$	\$
Cash provided by (used for):					
Operating activities					
Net loss for the period		(12,265)	(12,562)	(33,385)	(37,614)
Changes in non-cash working capital components:					
Amounts receivable	6	(654)	331	(776)	(354)
Prepaid expenses		201	415	201	415
Trade accounts payable	5	(3,545)	(6,940)	4,183	(4,838)
		(16,263)	(18,756)	(29,777)	(42,391)
Financing activities*					
Issuance of common shares	8	-	-	-	300,000
Share issuance costs	8	-	(2,250)	-	(16,450)
Receipt of demand loans		-	-	-	1,250
Repayment of demand loans		-	(66,250)	-	(66,250)
		-	(68,500)	-	218,550
Net increase (decrease) in cash during the period		(16,263)	(87,256)	(29,777)	176,159
Cash, beginning of period		144,234	273,848	157,748	10,433
Cash, end of period		127,971	186,592	127,971	186,592

* *Supplementary Disclosure of Non-Cash Investing and Financing Activities*

Refer to notes 4 and 8.

ARCUS DEVELOPMENT GROUP INC.

Condensed Interim Statements of Changes in Equity (Deficiency) (Unaudited, expressed in Canadian dollars)

	Common Shares		Share Option Reserve	Share Compensation Reserve	Other Reserve	Deficit	Total Equity
	Number	Amount					
		\$	\$	\$	\$	\$	\$
August 1, 2021	61,878,065	9,341,478	1,076,000	135,000	605,605	(11,265,305)	(107,222)
Private placements	12,000,000	300,000	-	-	-	-	300,000
Costs of share issuance	-	(34,450)	-	-	18,000	-	(16,450)
Loss for the period	-	-	-	-	-	(37,614)	(37,614)
January 31, 2022	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,302,919)	138,714
August 1, 2022	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,326,074)	115,559
Loss for the period	-	-	-	-	-	(33,385)	(33,385)
January 31, 2023	73,878,065	9,607,028	1,076,000	135,000	623,605	(11,359,459)	82,174

ARCUS DEVELOPMENT GROUP INC.

Notes to the Condensed Interim Financial Statements

For the six months ended January 31, 2023 (Unaudited, expressed in Canadian dollars)

1. NATURE OF OPERATIONS

The Company was incorporated in British Columbia, Canada on June 6, 2006 and is in the business of pursuing and developing property interests that are considered to be sites of potential economic mineralization. The Company's registered office is Suite 1200 – 750 West Pender Street, Vancouver, BC.

The mineral exploration business involves, by its nature, a high degree of risk. There can be no assurance that exploration projects will result in valuable mineral discoveries or profitable mining operations. Additionally, there can be no assurance that a mining operation will achieve profitability once it commences operation.

2. GOING CONCERN

At January 31, 2023 the Company has net working capital of \$82,171. However, it has no source of operating revenue and has incurred losses since inception aggregating \$11,359,459. The Company will need to raise additional equity financing to meet future exploration expenditures and general working capital requirements. The Company has limited working capital, no source of operating revenue and continued operations are dependent on the Company's ability to raise the necessary funds through equity issues or the sales of assets. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

These condensed interim financial statements have been prepared assuming the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any property and the ability of the Company to continue as a going concern is dependent upon it being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of a property. In the event the Company is not able to obtain adequate funding, there is material uncertainty as to whether the Company will be able to maintain or complete the acquisition of its property interests. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing.

The COVID-19 pandemic creates uncertainty in respect to global economic and market conditions however its specific, identifiable impact on the Company has not, to date, been material. Future developments in the course of the pandemic could negatively impact the Company's operations, however such future outcomes cannot currently be predicted beyond those expected to affect society as a whole.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements are unaudited and have been prepared on the historical cost basis in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies which are consistent with the International Financial Report Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting principles and policies utilized herein are consistent with those applicable to the annual audited financial statements; however, they lack certain disclosures that are ordinarily only reported in those annual statements. Accordingly, these statements should be read in conjunction with the Company's last annual financial statements as at and for the year ended July 31, 2022 and filed on www.SEDAR.com.

The condensed interim financial statements as at and for the six month period ended January 31, 2023 were approved and authorized for issue by the Audit Committee on March 28, 2023.

ARCUS DEVELOPMENT GROUP INC.

Notes to the Condensed Interim Financial Statements

For the six months ended January 31, 2023 (Unaudited, expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim financial statements in conformity with IAS 34 requires management to make judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these expectations. Revisions to any accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. These condensed interim financial statements do not include all of the information required for full annual financial statements.

There were no specific material judgments or estimates applicable to these current interim financial statements.

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Schedule of cumulative exploration and evaluation property costs

	Six months ended January 31, 2022	Six months ended January 31, 2023	Balance, July 31, 2022	Balance, January 31, 2023
	\$	\$	\$	\$
Dawson Gold Project, Yukon				
Acquisition	-	-	2,072,873	2,072,873
Staking fees	-	-	232,599	232,599
Exploration costs				
Airborne geophysical survey	-	-	576,617	576,617
Assays	-	-	408,564	408,564
Camp food & accommodation	-	-	182,722	182,722
Consultant's fees	-	897	434,275	435,172
Drilling	-	-	937,373	937,373
Equipment rental	-	-	346,217	346,217
Field personnel	-	-	687,327	687,327
Fixed wing & fuel	-	-	214,615	214,615
Helicopter & fuel	-	-	742,513	742,513
Maintenance costs	-	-	116,379	116,379
Management fees	-	-	80,013	80,013
Transport	-	-	37,046	37,046
Travel	-	-	35,383	35,383
Other field expenses	-	-	28,600	28,600
Yukon Mining Incentive Program rebate	-	-	(37,500)	(37,500)
Exploration and evaluation property costs	-	897	7,095,616	7,096,513

Dawson Gold Project, Yukon

The Company was previously a 50/50 joint venture partner of ATAC in respect to this project, which originally comprised four separate exploration properties: Touleary, Dan Man, Green Gulch and Shamrock.

ARCUS DEVELOPMENT GROUP INC.

Notes to the Condensed Interim Financial Statements

For the six months ended January 31, 2023 (Unaudited, expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Pursuant to a property purchase agreement dated August 2, 2016, the Company acquired ATAC's 50% joint venture interest in the Dawson Gold Project in consideration for the issue of 10,869,910 common shares and 5,000,000 share purchase warrants, and the granting of a 1% net smelter return ("NSR") royalty interest in any future production from any of the four Dawson properties. Each share purchase warrant entitled ATAC to purchase one common share of the Company at a price of \$0.20 until August 19, 2021. All of these warrants expired unexercised.

During the year ended July 31, 2020, the Company sold its 100% interest in the Dan Man property to Goldcorp Kaminak Ltd. ("Goldcorp Kaminak"), a subsidiary of Newmont Goldcorp Corporation ("Newmont"), in consideration for the following: (i) the return of 14,400,000 Arcus shares originally sold to Newmont in October of 2016 as part of a structured financing; and (ii) a 1% NSR royalty interest in any future commercial production from the Dan Man property. Goldcorp Kaminak also has the right to purchase the royalty interest at any time for \$1,000,000.

The Company maintains a 0.5% NSR royalty interest in respect to the Green Gulch property, subject to a buy-out option in the amount of \$500,000.

During the year ended July 31, 2021, the Company allowed its interest in the claims comprising the Shamrock property to lapse.

For financial statement presentation purposes, the Touleary interest and both royalty interests are carried on the Company's Statements of Financial Position at \$1 each. The Company's current accounting policy is to expense the related exploration and property option costs as incurred, and such costs incurred from the inception of the Dawson Gold Project are disclosed cumulatively in the above table.

5. TRADE ACCOUNTS PAYABLE

	January 31, 2023	July 31, 2022
	\$	\$
Financial liabilities		
Trade accounts payable	6,738	2,555

All amounts are short term. The carrying value of trade accounts payable is considered a reasonable approximation of fair value.

6. AMOUNTS RECEIVABLE

The Company has an amount receivable from the Government of Canada for statutory credits and has classified this receivable as a non-financial asset.

7. RELATED PARTY DISCLOSURES

Relationships

Key management

Nature of the relationship

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Directors, and the Chief Financial Officer. The Company's President and Chief Executive Officer is also the Chief Operating Officer of ATAC, and the Company's Chief Financial Officer is a director of ATAC. Subsequent to period end, the President and CEO of ATAC is also a director of the Company.

Beyond transactions involving related parties impacting the Company's investing and financing activities, and as described in note 4, the Company entered into no other related party transactions, specifically in respect to the provision of services, in either of the current or comparative fiscal periods.

ARCUS DEVELOPMENT GROUP INC.

Notes to the Condensed Interim Financial Statements

For the six months ended January 31, 2023 (Unaudited, expressed in Canadian dollars)

8. EQUITY

At January 31, 2023 the authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid.

On October 27, 2021, the Company completed a non-brokered private placement of 12 million units at a price of \$0.025 per unit to raise aggregate proceeds of \$300,000. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of \$0.05 per share.

In connection with this financing, Arcus paid a cash finders' fee of \$14,200 and issued 568,000 finders' warrants. Each of the finders' warrants entitles the holder to purchase one Arcus common share at a price of \$0.05 per share at any time on or before October 27, 2023. The Company has estimated a fair value of \$18,000 for the finders' warrants, with the amount recorded as a non-cash share issue cost. Other share issuance costs of \$2,250 were also paid in connection with this financing.

Directors of the Company participated in this financing as to an aggregate of 2.3 million units.

At January 31, 2023 the warrants related to the above-noted financing, in the total of 12,568,000, are the only share purchase warrants outstanding.

On September 13, 2022, 250,000 options exercisable to purchase common shares of the Company at \$0.16 per share expired unexercised. At January 31, 2023 the Company had no stock options outstanding.

9. TERM LOAN

In August 2020, the Company obtained federal government-sponsored financing by way of a \$40,000 line of credit, which converted to a non-interest-bearing term loan on January 1, 2021. The non-interest-bearing nature of the loan has since been extended to December 31, 2023 as long as repayment is made by that date. In that event, the Company expects to be subject to forgiveness in respect to \$10,000 of the balance.

10. FINANCIAL INSTRUMENTS

IFRS requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS standards prioritize the inputs into three levels that may be used to measure fair value:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company's financial instruments consist principally of cash, trade accounts payable, demand loans and its credit facility. The fair values of assets and liabilities measured on a recurring basis include cash determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all receivables and payables approximate their current fair values because of their nature and respective maturity dates or durations.

The Company's credit facility is not due on a current basis but the Company does intend to repay the discounted settlement value as soon as is practicable. However, to be conservative the debt is currently reported in these financial statements at its original carrying amount. Refer also to note 9.