CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)
AS AT

	March 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ **1,833,058**	$ 116,551
Receivables	**2,010**	2,630
Prepayments and advances receivable (Note 5)	**294,751**	286,298
	2,129,819	405,479
Equipment and right-of-use asset (Note 3)	**265,655**	282,472
Mineral exploration concession (Note 5)	**1**	1
	$ **2,395,475**	$ 687,952
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Notes 7 and 12)	$ **702,005**	$ 828,120
Legal provision (Note 12)	**73,358**	73,417
Loans payable (Note 8)	**9,153,037**	7,206,198
	9,928,400	8,107,735
Shareholders' deficiency		
Share capital (Note 6)	**33,044,243**	33,044,243
Share-based payment reserve (Note 6)	**8,203,835**	6,064,802
Deficit	**(48,781,003)**	(46,528,828)
	(7,532,925)	(7,419,783)
	$ **2,395,475**	$ 687,952

Nature of business and going concern (Note 1)
Commitments and contingencies (Note 12)

Approved and authorized by the Board of Directors on May 25, 2023.

"Anthony Clements" Director *"Tonno Vahk"* Director

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31,

	2023	2022
EXPENSES		
Depreciation (Note 3)	**$ 16,817**	$ 33,051
Exploration and evaluation expenditures (Note 5)	**1,322,150**	1,146,439
Finance expense (Note 8)	**246,659**	222,000
Foreign exchange	**(41,400)**	(19,785)
Investor relations	**12,859**	7,893
Interest expense (Note 4)	**-**	952
Management and consulting fees (Note 7)	**30,650**	29,519
Office and administration	**20,297**	9,446
Professional fees	**4,930**	10,903
Share based payments (Note 6)	**158,937**	-
Accretion expense (Note 8)	**480,276**	138,134
Loss and comprehensive loss for the period	**$ (2,252,175)**	$ (1,578,552)
Basic and diluted loss per common share	**$ (0.04)**	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted	56,027,077	34,277,669

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

ATON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31,

		2023		2022
OPERATING ACTIVITIES				
Loss for the period	**$**	**(2,252,175)**	$	(1,578,552)
Items not affecting cash:				
Unrealized foreign exchange		**(59)**		(867)
Depreciation		**16,817**		33,051
Interest expense		**-**		952
Share based payments		**158,937**		-
Finance expense		**246,659**		222,000
Accretion expense		**480,276**		138,134
Changes in non-cash working capital items:				
Receivables		**620**		1,902
Prepayments and advances receivable		**(8,453)**		(10,422)
Accounts payable and accrued liabilities		**(126,115)**		(272,398)
Net cash used in operating activities		**(1,483,493)**		(1,466,200)
FINANCING ACTIVITIES				
Loan proceeds		**3,200,000**		1,000,000
Subscriptions received in advance		**-**		500,000
Lease payments		**-**		(11,866)
Net cash provided by financing activities		**3,200,000**		1,488,134
Change in cash during the period		**1,716,507**		21,934
Cash, beginning of period		**116,551**		82,266
Cash, end of period	**$**	**1,833,058**	$	104,200

Supplemental disclosures with respect to cash flows (Note 11)

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

ATON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Unaudited – Expressed in Canadian Dollars)

	Share capital					
	Number	Amount	Subscriptions received in advance	Share-based payment reserve	Deficit	Total
Balance at December 31, 2021	34,183,106	$ 28,132,910	$ -	$ 4,814,814	$ (37,966,002)	$ (5,018,278)
Warrants exercised	8,510,638	2,922,083	-	(922,083)	-	2,000,000
Issuance of bonus warrants	-	-	-	292,754	-	292,754
Subscriptions received in advance	-	-	500,000	-	-	500,000
Loss for the period	-	-	-	-	(1,578,552)	(1,578,552)
Balance at March 31, 2022	42,693,744	31,054,993	500,000	4,185,485	(39,544,554)	(3,804,076)
Private placement	13,333,333	2,000,000	(500,000)	-	-	1,500,000
Issuance of bonus warrants	-	-	-	1,560,333	-	1,560,333
Share issuance costs	-	(10,750)	-	-	-	(10,750)
Share based payments	-	-	-	318,984	-	318,984
Loss for the period	-	-	-	-	(6,984,274)	(6,984,274)
Balance at December 31, 2022	56,027,077	33,044,243	-	6,064,802	(46,528,828)	(7,419,783)
Issuance of bonus warrants	-	-	-	1,980,096	-	1,980,096
Share based payments	-	-	-	158,937	-	158,937
Loss for the period	-	-	-	-	(2,252,175)	(2,252,175)
Balance at March 31, 2023	56,027,077	$ 33,044,243	$ -	$ 8,203,835	$ (48,781,003)	$ (7,532,925)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Aton Resources Inc. (the "**Company**") operates through its wholly owned subsidiary, Aton Mining Inc., which was incorporated under the Business Corporations Act (British Columbia) on May 17, 2006 and whose principal business activities are the exploration and development of mineral properties in the Arab Republic of Egypt ("**ARE**" or "**Egyp**t"). The Company's principal place of business, registered and records office is located at 666 Burrard Street, Suite 1700, Vancouver, BC, V6C 3P6. The Company's common shares trade on the TSX Venture Exchange ("**TSX-V**") under the symbol "**AAN**".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company's exploration assets are located outside of Canada and are subject to the risk of foreign investment, including political uncertainty, increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

Going Concern

The Company is a mineral exploration company focused on acquiring and exploring mineral properties in the ARE. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. As at March 31, 2023, the Company has a deficit of $48,781,003 (December 31, 2022 - $46,528,828) and a working capital deficit of $7,798,581 (December 31, 2022 - $7,702,256). These conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the period ended December 31, 2022.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for the cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions and balances have been eliminated.

The Company's subsidiaries are as follows:

Name of Subsidiary	Country of incorporation	Ownership Interest
Aton Mining Inc.	Canada	100%
Seventh Cleo Holdings Inc.	British Virgin Islands	100%
New Chelsea Holdings Inc.	British Virgin Islands	100%
Canex Enterprises Inc.	British Virgin Islands	50%

2. BASIS OF PREPARATION (cont'd…)

Use of Estimates and Judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Critical Accounting Estimates

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option pricing model. The option pricing model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's bonus warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical Accounting Judgments

Management has made judgments regarding the functional currency of the Company and has determined that the functional currency of the Company and its subsidiaries are the Canadian dollar.

Acquisition costs related to mineral exploration concessions are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. Ownership in mineral exploration concessions involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The Company is required to make judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceed their recoverable amount. The ultimate recoverability of the amounts capitalized for the mineral exploration concessions is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its mineral exploration concessions have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of mineral exploration concessions carrying values.

(Unaudited - Expressed in Canadian Dollars)

3. EQUIPMENT AND RIGHT-OF-USE ASSET

	Field and office equipment	Vehicles and field accommodations	Right-of-use asset – office lease	Total
Cost				
Balance, December 31, 2021, December 31, 2022, and March 31, 2023	$ 466,194	$ 592,613	$ 149,239	$ 1,208,046
Accumulated depreciation				
Balance, December 31, 2021	$ 299,127	$ 387,353	$ 106,273	$ 792,753
Depreciation for the period	33,413	56,442	44,100	133,955
Foreign exchange	-	-	(1,134)	(1,134)
Balance, December 31, 2022	332,540	443,795	149,239	925,574
Depreciation for the period	6,683	10,134	-	16,817
Balance, March 31, 2023	$ 339,223	$ 453,929	$ 149,239	$ 942,391
Carrying amounts				
As at December 31, 2022	$ 133,654	$ 148,818	$ -	$ 282,472
As at March 31, 2023	$ 126,971	$ 138,684	$ -	$ 265,655

4. LEASE LIABILITIES

Pursuant to IFRS 16, the Company has recognized the impact of lease obligations. During the year ended December 31, 2021, through amendments to lease payment schedules, the Company revalued the remaining payments and recognized lease liabilities and right-of-use assets of $84,117.

The following is a continuity schedule of lease liability for the years presented:

Lease liabilities		
Opening balance, December 31, 2021	$	43,303
Lease accretion		2,337
Lease payments		(46,783)
Foreign exchange		1,143
		-
Lease liabilities, December 31, 2022 and March 31, 2023	$	-

5. MINERAL EXPLORATION CONCESSION

Title to mineral 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 many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing. Each mineral concession is considered to be a separate cash generating unit ("CGU").

Through the Company's wholly owned subsidiary, Aton Mining Inc., the Company holds the Abu Marawat exploration concession in Egypt.

The Abu Marawat Concession Agreement is defined by multiple phases of exploration with a required minimum exploration obligation for each phase of exploration. Phase I has a duration of one year, Phase II-A, is for a duration of two years and Phase II-B has a duration of two 'years. An additional six months may be applied with the approval of Egyptian Mineral Resources Authority ("EMRA") at the end of the last phase of exploration.

The Abu Marawat Concession has met the minimum financial obligation for all three phases and the Company is required to provide a 2% training fee on the total exploration expenditure for the fiscal year.

For the Abu Marawat Concession, on April 23, 2020 EMRA granted the Company a further extension to the Phase II-B exploration period, which will now expire on March 4, 2023. The Company was granted a force majeure compensation period of five months and twenty days, which has been added to the final exploration period of its current exploration license, which will now expire on August 25, 2023.

During the year ended December 31, 2021, the Company had advanced a deposit of $253,560 (US$200,000) on the Abu Marawat project, which remains in prepayments and advances receivable during the period ended March 31, 2023.

(Unaudited - Expressed in Canadian Dollars)

5. MINERAL EXPLORATION CONCESSION (cont'd…)

Cumulative exploration and evaluation expenditures are as follows:

	As at December 31, 2021	Additions	As at December 31, 2022	Additions	As at March 31, 2023
Concession access	$ 163,392	$ -	$ 163,392	$ -	$ 163,392
Mapping	6,429	-	6,429	-	6,429
Labour	4,247,610	881,324	5,128,934	253,172	5,382,106
Field costs	3,145,402	848,936	3,994,338	196,814	4,191,152
Camp upgrade	96,954	-	96,954	-	96,954
Mobilization	217,292	-	217,292	-	217,292
Drilling	5,041,721	2,891,816	7,933,537	504,039	8,437,576
Start-up	41,515	-	41,515	-	41,515
Geological services	1,800,682	353,526	2,154,208	97,678	2,251,886
Geophysics	622,417	2,781	625,198	351	625,549
Assaying	2,026,734	655,880	2,682,614	110,069	2,792,683
Travel	735,864	68,648	804,512	14,027	818,539
	17,982,620	5,702,911	23,685,531	1,176,150	24,861,681
Consulting	3,325,055	351,929	3,676,984	94,669	3,771,653
Administration	2,273,441	49,318	2,322,759	51,331	2,374,090
	5,598,496	401,247	5,999,743	146,000	6,145,743
	$ 23,744,508	$ 6,104,158	$ 29,848,666	$ 1,322,150	$ 31,170,816

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

As at March 31, 2023, the Company had 56,027,077 common shares issued and outstanding.

Share issuances

The Company did not issue any shares in the period ended March 31, 2023.

During the year ended December 31, 2022, the Company:

a) Issued 8,510,638 common shares on the exercise of warrants for an aggregate of $2,000,000. The warrants were exercised under a direction to pay provided by OU Moonrider ("Moonrider") (Note 8).

b) Completed a non-brokered private placement by issuing 13,333,333 common shares priced at $0.15 per share for gross proceeds of $2,000,000, less share issuance costs of $10,750.

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Options			Warrants		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2021	1,839,000	$	0.56	23,599,108	$	0.33
Cancelled/Expired	(1,239,500)		0.59	(8,648,615)		0.22
Exercised	-		-	(8,510,638)		0.24
Granted	3,000,000		0.42	17,681,775		0.23
Balance, December 31, 2022	3,599,500	$	0.50	24,121,630	$	0.33
Cancelled/Expired	-		-	(9,180,251)		0.34
Granted	-		-	20,000,000		0.20
Balance, March 31, 2023	3,599,500	$	0.50	34,941,379	$	0.25

Stock options outstanding

The following incentive stock options were outstanding at March 31, 2023:

	Number outstanding	Number exercisable		Exercise price	Expiry date
Stock Options	599,500	599,500	$	0.50	July 10, 2023
	3,000,000	1,500,000	$	0.50	September 28, 2027
	3,599,500	2,099,500			

Stock warrants outstanding

As at March 31, 2023, warrants were outstanding as follows:

	Number outstanding	Number exercisable		Exercise price	Expiry date
Warrants	2,174,693	2,174,693	$	0.80	May 28, 2023
	1,261,741	1,261,741	$	0.31	July 14, 2023
	2,214,036	2,214,036	$	0.28	July 27, 2023
	9,090,909	9,090,909	$	0.22	September 21, 2023
	200,000	200,000	$	0.80	October 30, 2023
	20,000,000	20,000,000	$	0.20	March 6, 2024
	34,941,379	34,941,379			

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 5% of the issued and outstanding common stock of the Company. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

In the period ended March 31, 2023, the Company granted nil (December 31, 2022 – 3,000,000) options with an exercise price of $nil (December 31, 2022 - $0.50) and weighted average fair value of $nil (December 31, 2022 - $0.20) per option. In the period ended March 31, 2023, the Company recognized share-based payments expense of $158,937 (2022 - $nil) for options vesting in the period.

The following weighted average assumptions were used for the valuation of stock options granted in the respective periods:

	March 31, 2023	December 31, 2022
Risk-free interest rate	n/a	3.37%
Expected life of options	n/a	5 years
Annualized volatility	n/a	175.93%
Dividend rate	n/a	0.00%
Forfeiture rate	n/a	0.00%

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Company, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. An entity controlled by the CEO has significant influence over the Company due to holding approximately 33% of the Company's common shares. The remuneration of directors and management including the CEO and CFO were as follows:

	For the periods ended March 31 2023	2022
Management and consulting fees	$ 14,000	$ 12,000
Directors' fees	11,250	11,250
	$ 25,250	$ 23,250

As at March 31, 2023, the balances due to the Company's current and former directors and officers included in accounts payable and accrued liabilities were $2,047 (December 31, 2022 - $789). These amounts are unsecured, non-interest bearing and payable on demand.

During the period ended March 31, 2023, the Company recognized share-based payments expense of $58,277 (2022 - $nil) related to the fair value of stock options granted and vested to key management personnel.

(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (cont'd…)

Key management personnel compensation (cont'd…)

Loans payable are due to Moonrider, a shareholder owning approximately 33% of the Company's common shares at March 31, 2023 (a "significant shareholder"), who has significant influence over the Company. Transactions with Moonrider are detailed in notes 6 and 8.

8. LOANS PAYABLE

The loans payable are due to Moonrider, a significant shareholder of the Company.

The following is a continuity schedule of loans payable for the years presented:

		March 31, 2023		December 31, 2022
Balance – beginning of period	$	7,206,198	$	4,695,747
Advances of loans		3,200,000		4,800,000
Loan and interest repayment		-		(2,000,000)
Interest accrued – finance expense		246,659		786,780
Issuance of bonus warrants on loans payable		(1,980,096)		(1,853,087)
Accretion expense		480,276		777,625
Unrealized foreign exchange		-		(867)
	$	9,153,037	$	7,206,198

During the year ended December 31, 2022, the Company settled an aggregate of $2,000,000 in loans and interest payable pursuant to a direction to pay ("DTP") issued by Moonrider for the exercise of 8,510,638 warrants (Note 6). The funds were applied against $1,273,168 in principal repayments and $716,952 in interest repayments. The funds were applied against the oldest facilities first in settlement of any facilities issued in the year ended December 31, 2020 and carrying forward into interest and principal drawn down in the year ended December 31, 2021.

During the period ended March 31, 2023, the Company:

a) Entered into a bridge loan facility (the "Eleventh Facility") with Moonrider, for $4,000,000. Pursuant to the Eleventh Facility, the Company borrowed $4,000,000 from Moonrider at an interest rate of 12% per annum with a maturity date of March 6, 2024, then 20% per annum after maturity. In connection with the Eleventh Facility, Moonrider was issued bonus warrants in March 2023 entitling it to acquire 20,000,000 common shares of the Company at a price of $0.20 per share. The bonus warrants are exercisable for a period of 12 months from issuance. These bonus warrants had a fair value of $1,980,096 calculated using the Black-Scholes option pricing model, with inputs of: a risk-free interest rate of 4.22%, expected life of 1 year, dividend of 0% and volatility of 129.99%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

8. LOANS PAYABLE (cont'd…)

During the year ended December 31, 2022, the Company:

a) Entered into a bridge loan facility (the "Seventh Facility") with Moonrider, for $500,000. Pursuant to the Seventh Facility, the Company borrowed $500,000 from Moonrider at an interest rate of 12% per annum with a maturity date of July 4, 2022, then 20% per annum after maturity. On July 14, 2022, Moonrider has agreed to extend the maturity date to June 30, 2023 at an interest rate of 12% per annum. In connection with the Seventh Facility, Moonrider was issued bonus warrants in January 2022 entitling it to acquire 2,941,176 common shares of the Company at a price of $0.19 per share. The bonus warrants are exercisable for a period of 12 months from issuance. These bonus warrants had a fair value of $134,311 calculated using the Black-Scholes option pricing model, with inputs of: a risk-free interest rate of 0.98%, expected life of 1 year, dividend of 0% and volatility of 77.94%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance. During the year ended December 31, 2022, $13,973 in interest payable was settled by way of the DTP.

b) Entered into a bridge loan facility (the "Eighth Facility") with Moonrider, for $500,000. Pursuant to the Eighth Facility, the Company borrowed $500,000 from Moonrider at an interest rate of 12% per annum with a maturity date of July 26, 2022, then 20% per annum after maturity. On July 14, 2022, Moonrider has agreed to extend the maturity date to June 30, 2023 at an interest rate of 12% per annum. In connection with the Eighth Facility, Moonrider was issued bonus warrants in January 2022 entitling it to acquire 2,173,913 common shares of the Company at a price of $0.23 per share. The bonus warrants are exercisable for a period of 12 months from issuance. These bonus warrants had a fair value of $158,443 calculated using the Black-Scholes option pricing model, with inputs of: a risk-free interest rate of 1.22%, expected life of 1 year, dividend of 0% and volatility of 80.50%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance. During the year ended December 31, 2022, $10,356 in interest payable was settled by way of the DTP.

c) Entered into a bridge loan facility (the "Ninth Facility") with Moonrider, for $1,000,000. Pursuant to the Ninth Facility, the Company borrowed $1,000,000 from Moonrider at an interest rate of 12% per annum with a maturity date of July 14, 2023, then 20% per annum after maturity. In connection with the Ninth Facility, Moonrider was issued bonus warrants in July 2022 of two tranches, entitling it to acquire 3,475,777 common shares of the Company at a price of $0.31 and $0.275 per share, respectively. The bonus warrants are exercisable for a period of 12 months from issuance. These bonus warrants had a fair value of $198,562 and $318,630 calculated using the Black-Scholes option pricing model, with inputs of: a risk-free interest rate of 3.25% and 3.09%, expected life of 1 year, dividend of 0% and volatility of 134.77% and 139.95%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance with expiration dates of July 14, and 27, 2023.

d) Entered into a bridge loan facility (the "Tenth Facility") with Moonrider, for $2,000,000. Pursuant to the Tenth Facility, the Company borrowed $2,000,000 from Moonrider at an interest rate of 12% per annum with a maturity date of September 21, 2023, then 20% per annum after maturity. In connection with the Tenth Facility, Moonrider was issued bonus warrants in September 2022 entitling it to acquire 9,090,909 common shares of the Company at a price of $0.22 per share. The bonus warrants are exercisable for a period of 12 months from issuance. These bonus warrants had a fair value of $1,043,141 calculated using the Black-Scholes option pricing model, with inputs of: a risk-free interest rate of 3.73%, expected life of 1 year, dividend of 0% and volatility of 138.88%, which is accreted over 12 months. The bonus warrants are exercisable for a period of 12 months from issuance.

e) Received $800,000 in non-interest bearing loans as at December 31, 2022 from Moonrider. During the period ended March 31, 2023, the Company and Moonrider entered into the Eleventh bridge loan facility with this loan.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of prepayments and advances receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The amortized cost of the loans payable approximates its fair value due to the market rate of interest attached to them, and the short-term nature of these instruments.

Cash is measured at FVTPL under level 1 of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company's cash (excluding nominal petty cash) is all held at large Canadian or International financial institutions in interest bearing accounts. The Company's prepayments and advances receivable are entered with reputable counterparties. The Company has no investment in asset-backed commercial paper. As at March 31, 2023, management believes that the Company's exposure to credit risk is not material. The maximum exposure to credit risk that the Company has is limited to the carrying values of cash and prepayments and advances receivable as presented in the condensed consolidated interim statement of financial position. The Company's exposure to and management of credit risk for the period ended March 31, 2023, has not changed materially from the year ended December 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk through its capital management as outlined further below.

Accounts payable and accrued liabilities and loan payable are due within one year. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. To maintain liquidity, the Company is currently investigating financing opportunities. While the Company has been successful in obtaining its required funding in the past, through the issuance of debt and equity instruments, there is no assurance that future financings will be available. The Company's exposure to and management of liquidity risk for the period ended March 31, 2023, has not changed materially from the year ended December 31, 2022.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risks: interest rate risk, foreign currency risk, and price risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A 1% change in interest rates on cash deposits would have a nominal effect on net loss. The loans payable bear an interest rate of 12% per annum from closing date until repayment date. All amounts owed from the date on which such amount is due until such amount is paid in full, payable on demand, bears an interest rate of 20% per annum. The Company's exposure to and management of interest rate risk for the period ended March 31, 2023, has not changed materially from the year ended December 31, 2022.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. The Company is exposed to foreign currency risk on fluctuations related primarily to cash, prepayments and advances receivable, and accounts payable and accrued liabilities that are denominated in United States Dollar (USD) or the Egyptian Pound (EGP).

The Company has cash and accounts payable and accrued liabilities denominated in USD and the EGP and is exposed to risk from changes in the USD and EGP.

As at March 31, 2023, the Company's foreign denominated financial assets and liabilities in USD and EGP are as follows:

		United States Dollar ($)		Canadian Dollar equivalent
Cash	$	461,790	$	624,940
Prepayments and advances receivable	$	200,966	$	271,967
Accounts payable and accrued liabilities	$	(346,390)	$	(468,770)

		Egyptian Pound (E£)		Canadian Dollar equivalent
Cash	E£	304,728	$	13,337
Prepayments and advances receivable	E£	226,863	$	9,929
Accounts payable and accrued liabilities	E£	(2,352,479)	$	(102,962)

Based on the above net exposures, a 10% change in the Canadian Dollar to United States Dollar and Canadian Dollar to Egyptian Pound would change the Company's comprehensive gain by approximately $42,814 and comprehensive loss by $7,970, respectively. As at March 31, 2023, the Company has not hedged its exposure to currency fluctuations. The Company assessed its financial currency risk as moderate as at March 31, 2023.

The Company's exposure to and management of foreign currency risk for the period ended March 31, 2023, has not changed materially from the year ended December 31, 2022.

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Market risk (cont'd…)

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The Company had no held for sale investments, nor is the Company materially impacted by commodity prices as it is not yet in commercial production. As such, the Company is not materially exposed to other price risk. The Company's exposure to and management of other price risk for the period ended March 31, 2023, has not changed materially from the year ended December 31, 2022.

Capital Management

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In the management of capital, the Company considers components of shareholders' deficiency, which totalled $7,532,925 (December 31, 2022 - $7,419,783) at March 31, 2023. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company currently is not subject to externally imposed capital requirements. As at March 31, 2023, the Company is not subject to any externally imposed debt covenants. There were no changes in the Company's approach to capital management during the year.

10. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties. All of the Company's equipment and mineral exploration concessions are located in Egypt.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

For the periods ended March 31,		2023		2022
Issuance of bonus warrants on loans payable	$	1,980,096	$	292,754
Exercise of warrants pursuant to direction to pay (Notes 6 and 8)	$	-	$	2,000,000

12. COMMITMENTS AND CONTINGENCIES

A former director and CEO of the Company commenced litigation against the Company alleging wrongful dismissal and claiming damages of US$500,000 for severance and unpaid wages of $236,798 plus interest and related costs. The Company is defending the cases and believes they are without merit. No liability other than unpaid fees for services amounting to $253,386, included in accounts payable and accrued liabilities, has been recorded in relation to these legal proceedings.

Former employees of the Company commenced litigation against the Company in Egypt alleging wrongful dismissal and claiming damages up to $73,358 and a former vendor of the Company claiming fees and compensation of US$14,596. During the year ended December 31, 2019, the Company won its case but then had this overturned by the appellate court. The Company has filed an appeal in the Court of Cassation to overturn this appeal ruling. However, as the appellate court judgment is enforceable while it is adjudicated by the Court of Cassation, the Company recorded a legal provision as at March 31, 2023 of $73,358 (December 31, 2022 - $73,417). No timeline has been provided with respect to when the judgment of the Court of Cassation will be rendered.