GOLDSHORE RESOURCES INC.

(formerly Sierra Madre Developments Inc.)

Condensed Consolidated Interim Financial Statements

For The Nine Months Ended December 31, 2021

Unaudited – Prepared by Management

In Canadian Dollars

GOLDSHORE RESOURCES INC.
(formerly Sierra Madre Developments Inc.)
Condensed Consolidated Interim Statements of Financial Position
Unaudited – Prepared by Management
(in Canadian Dollars)

	December 31, 2021	March 31, 2021
ASSETS		
Current assets		
Cash	$ **15,703,738**	$ 2,225,896
Restricted cash (Note 11)	**-**	14,359,805
GST receivable	**524,462**	23,205
Prepaid expenses and deposits	**292,728**	9,175
Deferred transaction costs	**-**	15,533
Deferred financing costs (Note 11)	**-**	1,068,717
	16,520,928	17,702,331
Exploration and evaluation assets (Note 5)	**57,673,784**	-
Mineral property deposit (Note 5)	**-**	1,000,000
Equipment (Note 6)	**30,023**	-
Right-of-use assets (Note 7)	**336,979**	21,915
Long-term deposit	**181,121**	6,400
TOTAL ASSETS	$ **74,742,835**	$ 18,730,646
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ **1,381,326**	$ 171,953
Current portion of lease liability (Note 9)	**96,222**	17,783
Subscriptions received in advance (Note 11)	**-**	15,000,000
Flow-through premium liability (Note 10)	**1,400,063**	-
	2,877,611	15,189,736
Non-current portion of lease liability (Note 9)	**251,534**	4,491
TOTAL LIABILITIES	**3,129,145**	15,194,227
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	**55,538,553**	3,858,467
Obligation to issue shares (Note 5)	**20,000,000**	-
Reserves (Note 11)	**2,971,787**	428,522
Accumulated deficit	**(6,896,650)**	(750,570)
TOTAL SHAREHOLDERS' EQUITY	**71,613,690**	3,536,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ **74,742,835**	$ 18,730,646

Nature and continuance of operations (Note 1)

These financial statements were authorized for issue by the Board of Directors on February 23, 2022. They are signed on behalf of the Board of Directors by:

"Brett Richards"
CEO and Director

"Joanna Pearson"
Director

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

GOLDSHORE RESOURCES INC.
(formerly Sierra Madre Developments Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management
(in Canadian Dollars)

	For the three months ended December 31, 2021	For the period from incorporation on October 23, 2020 to December 31, 2020	For the nine months ended December 31, 2021
EXPENSES			
Amortization and interest expense (Notes 6, 7 and 9)	$ 57,906	$ -	$ 57,906
Consulting fees (Note 12)	369,049	11,815	722,397
General and administrative costs	108,032	15	286,092
Professional fees	71,601	15,780	219,903
Property investigation costs	10,046	-	342,472
Regulatory and transfer agent fees	69,553	-	107,176
Shareholder information and investor relations	326,049	10,500	674,304
Stock-based compensation expense (Note 11)	870,580	-	1,945,840
Travel	49,732	-	71,964
	$ 1,932,548	$ 38,110	$ 4,428,054
OTHER ITEMS			
Listing expense (Note 4)	-	-	2,376,059
Recovery of flow-through premium (Note 10)	(346,468)	-	(658,033)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ 1,586,080	$ 38,110	$ 6,146,080
Basic and diluted loss per share for the period	$ 0.01	$ 0.38	$ 0.08
Weighted average number of common shares outstanding	107,365,566	99,275	79,771,131

GOLDSHORE RESOURCES INC.
(formerly Sierra Madre Developments Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
(in Canadian Dollars)

	Number of shares	Amount	Obligation to issue shares	Reserves	Accumulated deficit	Total
Balance, October 23, 2020 (incorporation)	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Incorporation share	1	-	-	-	-	-
Shares issued for private placements (Note 11)	6,850,000	342,500	-	-	-	342,500
Share issuance costs (Note 11)	-	(3,675)	-	-	-	(3,675)
Loss and comprehensive loss for the period	-	-	-	-	(38,110)	(38,110)
Balance, December 31, 2020	**6,850,001**	**338,825**	**-**	**-**	(38,110)	300,715
Balance, March 31, 2021	**3,677,623**	**$ 3,858,467**	**$ -**	**$ 428,522**	**$ (750,570)**	**$ 3,536,419**
Reverse takeover (Note 4)	30,122,389	2,390,455	-	-	-	2,390,455
Shares issued for private placements (Note 11)	51,132,847	35,000,002	-	-	-	35,000,002
Flow-through premium (Notes 10, 11)	-	(2,058,096)	-	-	-	(2,058,096)
Share issuance costs (Note 11)	440,179	(3,207,525)	-	597,425	-	(2,610,100)
Stock-based compensation (Note 11)	-	-	-	1,945,840	-	1,945,840
Shares issued for mineral property (Note 5)	30,085,000	19,555,250	20,000,000	-	-	39,555,250
Loss and comprehensive loss for the period	-	-	-	-	(6,146,080)	(6,146,080)
Balance, December 31, 2021	**115,458,038**	**$ 55,538,553**	**$ 20,000,000**	**$ 2,971,787**	**$ (6,896,650)**	**$ 71,613,690**

GOLDSHORE RESOURCES INC.
(formerly Sierra Madre Developments Inc.)
Condensed Consolidated Interim Statements of Cash Flows
Unaudited – Prepared by Management
(in Canadian Dollars)

	For the nine months ended December 31, 2021	For the period from incorporation on October 23, 2020 to December 31, 2021
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Loss for the period	$ (6,146,080)	$ (38,110)
Non-cash items:		
Amortization and interest expense	57,906	-
Stock-based compensation expense	1,945,840	-
Listing expense	2,376,059	-
Recovery of flow-through premium	(658,033)	-
Changes in non-cash working capital items:		
GST receivable and prepaid expenses	(766,733)	-
Accounts payable and accrued liabilities	460,814	89,271
Cash flows (used in) provided by operating activities	(2,730,227)	51,161
INVESTING ACTIVITIES		
Mineral property acquisition and exploration costs	(16,683,213)	-
Mineral property deposits	(174,721)	-
Cash acquired on reverse takeover	9,745,670	-
Purchase of equipment	(33,256)	-
Cash flows used in investing activities	(7,145,520)	-
FINANCING ACTIVITIES		
Proceeds from private placements	10,000,002	342,500
Share issuance costs	(961,963)	(3,675)
Repayment of lease obligations	(44,255)	-
Cash flows provided by financing activities	8,993,784	338,825
(Decrease) increase in cash and restricted cash	(881,963)	389,986
Cash and restricted cash, beginning of period	16,585,701	-
Cash and restricted cash, end of period	$ 15,703,738	$ 389,986
Supplemental cash flow information:		
Exploration and evaluation asset costs in accounts payable	$ 435,321	$ -
Fair value of replacement compensation options	302,456	-
Flow-through premium liability	2,058,096	-
Fair value of shares issued for exploration and evaluation assets	19,555,250	-
Fair value of shares issued for reverse takeover	2,390,455	-
Taxes and interest paid	Nil	Nil

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Goldshore Resources Inc. (formerly Sierra Madre Developments Inc.) (the "Company") is a gold focused Canadian exploration company. The Company's head office is located at 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3 and its registered and records office is at 401 – 353 Water Street, Vancouver, British Columbia, V6B 1B8.

On May 31, 2021, Sierra Madre Developments Inc. ("Sierra Madre") acquired all of the outstanding shares of Goldshore Resources Inc. ("Former Goldshore") by way of a three-cornered amalgamation in which a wholly-owned subsidiary of Sierra Madre amalgamated with Former Goldshore, with Former Goldshore surviving as a wholly-owned subsidiary of Sierra Madre under the name Moss Lake Project Inc. ("Moss Lake"). On June 4, 2021, Sierra Madre changed its name to Goldshore Resources Inc. ("Goldshore" or the "Company") and began trading on the TSX-V under the symbol GSHR. Former Goldshore has been identified as the accounting acquirer and, accordingly, the Company is considered to be a continuation of Former Goldshore, and the net assets of Sierra Madre at the date of the reverse acquisition are deemed to have been acquired by Former Goldshore (Note 4). These condensed consolidated interim financial statements include the results of operations of Sierra Madre from May 31, 2021. Former Goldshore was incorporated on October 23, 2020; therefore, the comparative figures in these condensed consolidated interim financial statements are for the period from incorporation to December 31, 2020.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities. There are various community restrictions and health and safety measures in Ontario, Canada that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary permits, field supplies, and contractor services, and safeguarding personnel during the outbreak, which may be prohibitive or costly.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. As at December 31, 2021, the Company's current assets exceeded its current liabilities by $13,643,317 and had an accumulated deficit of $6,896,650. The Company has sufficient working capital to continue for the next twelve months. The Company is a mineral exploration company focused on the acquisition and evaluation of precious metal mineral properties in Canada, and currently holds title to one mineral exploration property: the Moss Lake gold project ("Moss Lake") located in Ontario, Canada.

The Company's ability to continue as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The business of mining and exploration involves a high degree of risk and there can be no assurance that management's plans will be successful. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (continued)

Basis of Preparation

The condensed consolidated interim financial statements do not include all of the information required of full annual financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. The condensed consolidated interim financial statements should be read in conjunction with the annual audited financial statements of Former Goldshore for the year ended March 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Moss Lake Project Inc. (Former Goldshore). Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Use of estimates and judgements

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and 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 estimates. Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

ii) Valuation of stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

2. BASIS OF PRESENTATION (continued)

ii) Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at December 31, 2021, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

iii) Flow-Through Premium Liability

Pursuant to the terms of the flow-through share agreements, flow-through shares transfer the tax deductibility of qualifying resources expenditures to investors. On Issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability on a pro-rata basis and recognizes a deferred tax recovery for the amount of tax reduction renounced to the shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended March 31, 2021 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s financial statements.

(in Canadian Dollars)

4. REVERSE TAKEOVER ("RTO") TRANSACTION

On May 31, 2021, the Company closed the reverse takeover transaction contemplated in the amalgamation agreement dated January 25, 2021, amended and restated on February 16, 2021 (the "Amalgamation") (Note 1). Pursuant to the Amalgamation, all Former Goldshore common shares were exchanged for common shares of the Company on a one-for-one basis and Former Goldshore amalgamated with a subsidiary of Sierra Madre, with the resulting entity to continue as a wholly owned subsidiary of the Company (the "Resulting Issuer").

As a result of the Amalgamation, the shareholders of Former Goldshore acquired control of the Company, thereby constituting a reverse acquisition of the Company. The Amalgamation is considered a purchase of the Company's net assets by the shareholders of Former Goldshore.

The Amalgamation will be accounted for in accordance with guidance provided in IFRS 2, Share-based payments, and IFRS 3, Business combinations. As the Company did not qualify as a business according to the definition in IFRS 3, this Amalgamation does not constitute a business combination; rather, it is treated as an issuance of shares by Former Goldshore for the net assets of the Company and the listing of the Former Goldshore's shares.

The purchase price is allocated as follows:

	Amount
Fair value of the Company's shares (3,677,623 post-consolidation common shares at $0.65 per share)	$ 2,390,455
Fair value of replacement options (Note 11)	302,456
Consideration	2,692,911
Net assets acquired	
Cash and restricted cash	9,745,670
Receivables	2,544
Deferred financing costs	881,876
Accounts payable	(313,238)
Subscriptions received	(10,000,000)
Net assets	316,852
Listing expense	**$ 2,376,059**

The Amalgamation was measured at the fair value of the shares that Former Goldshore would have had to issue to the shareholders of the Company, being 3,677,623 common shares, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the Amalgamation had it taken the legal form if Former Goldshore acquired the Company.

(in Canadian Dollars)

5. EXPLORATION AND EVALUATION ("E&E") ASSETS

Moss Lake Gold Project

On January 25, 2021, the Company entered into a purchase agreement (the "Moss Lake Agreement") with Moss Lake Gold Mines Ltd. and Wesdome Gold Mines Ltd. ("Wesdome") to acquire a 100% interest in the Moss Lake gold project located in Ontario, Canada (the "Transaction").

In exchange for 100% interest in the project, the Company will:

- Pay $12,500,000 cash to Wesdome upon closing (paid);
- Issue common shares with a fair value equal to the greater of a) $19,500,000 and b) 30% of the issued and outstanding common shares of the Company to Wesdome at closing (issued 30,085,000 common shares);
- Issue $20,000,000 in common shares to Wesdome in the form of milestone payments consisting of:
  - $5,000,000 within 12 months of closing;
  - $7,500,000 upon the earlier of (i) the Company completing an updated Preliminary Economic Assessment ("PEA") or pre-feasibility study; and (ii) 30 months from closing; and
  - $7,500,000 upon the earlier of (i) the Company completing a feasibility study, (ii) the date on which the Company makes a development decision on Moss Lake, and (iii) 48 months from closing.
- Grant to Wesdome a 1.00% net smelter royalty ("NSR") on all metal production from Moss Lake. The Company shall have the right to repurchase the NSR for (i) $5,000,000 within 30 months of closing or (ii) $7,500,000 between 30 and 48 months after closing. The NSR buyback shall expire if not exercised within 48 months of closing.
- Grant Wesdome representation on the Company's Board of Directors with two appointees (completed).

The Company paid Wesdome a refundable deposit of $1,000,000 concurrent with executing the Moss Lake Agreement. The deposit was applied to the cash payment due on closing. The future milestone payments totaling $20,000,000 were recorded as an obligation to issue shares on the condensed consolidated interim statement of financial position as at December 31, 2021.

The Moss Lake project carries an underlying advanced royalty commitment amounting to $6,250 due quarterly until the project enters production, which was inherited from Wesdome at the time of acquisition, presented as other costs in the table below.

Acquisition and exploration costs incurred to date on Moss Lake are as follows:

	December 31, 2021	March 31, 2021
Property acquisition costs		
Balance, beginning	$ -	$ -
Additions	52,055,250	-
Balance, ending	$ 52,055,250	$ -
Exploration and evaluation costs		
Balance, beginning	$ -	$ -
Camp costs	564,504	-
Consulting and salaries	2,109,917	-
Database management	161,297	-
Drilling	1,472,447	-
Environmental	184,208	-
Geochemistry	520,160	-
Other costs	606,001	-
Balance, ending	$ 5,618,534	$ -
Total	**$ 57,673,784**	$ -

(in Canadian Dollars)

6. EQUIPMENT

Cost		Equipment
Balance, March 31, 2021, and October 23, 2020	$	-
Additions		33,256
Balance, December 31, 2021	**$**	**33,256**

Accumulated amortization		
Balance, March 31, 2021, and October 23, 2020	$	-
Amortization		3,233
Balance, December 31, 2021	**$**	**3,233**

Net book value		
Balance, March 31, 2021, and October 23, 2020	$	-
Balance, December 31, 2021	**$**	**30,023**

7. RIGHT-OF-USE ASSETS

Cost		Right-of-use assets
Balance, October 23, 2020	$	-
Additions		22,868
Balance, March 31, 2021	$	22,868
Additions		355,054
Balance, December 31, 2021	**$**	**377,922**

Accumulated amortization		
Balance, October 23, 2020	$	-
Additions		953
Balance, March 31, 2021	$	953
Additions		33,990
Balance, December 31, 2021	**$**	**40,943**

Net book value		
Balance, March 31, 2021	$	21,915
Balance, December 31, 2021	**$**	**336,979**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		December 31, 2021		March 31, 2021
Accounts payable	**$**	**568,177**	$	166,104
Accrued liabilities		**813,149**		5,849
Total	**$**	**1,381,326**	$	171,953

(in Canadian Dollars)

9. LEASES

The Company leases furniture, equipment and vehicles. The leased assets and liabilities were measured at the present value of the lease payments plus the anticipated exercise of renewal options, discounted using the rate implicit in the leases which was determined to be 7% on a weighted average basis.

The Company's lease liabilities are as follows:

		December 31,		March 31, 2021
Current portion of lease obligations	**$**	**96,222**	$	17,783
Non-current portion of lease obligations		**251,534**		4,491
	$	**347,756**	$	22,274

The lease liability interest expense recognized in profit and loss and lease payments recognized in the financing component of statement of cash flows is as follows:

Balance, October 23, 2020	$	-
New leases		22,868
Interest expense		888
Payments		(1,482)
Balance, March 31, 2021	$	22,274
New leases		355,054
Interest expense		14,683
Payments		(44,255)
Balance, December 31, 2021	**$**	**347,756**

As at December 31, 2021, the Company is committed to minimum lease payments as follows:

		December 31, 2021
Less than one year	**$**	**96,222**
One to five years		**259,590**
More than five years		**34,486**
Total undiscounted lease liabilities	**$**	**390,299**

During the nine months ended December 31, 2021, the Company designated no office lease as short-term and no leases as low-value under IFRS 16 (period ended March 31, 2021 – one and none, respectively).

10. FLOW-THROUGH PREMIUM LIABILITY

The following is a continuity of the Company's flow-through premium liability:

	Flow-through premium liability
Balance, March 31, 2021 and October 23, 2020	-
Additions (Note 11)	2,058,096
Recovery of flow-through premium	(658,033)
Balance, December 31, 2021	**1,400,063**

During the three and nine months ended December 31, 2021, the Company recorded a recovery of the flow-through premium of $346,468 and $658,033, respectively, based on eligible flow-through exploration expenditures incurred.

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2021, there were 115,458,038 issued and fully paid common shares (March 31, 2021 – 3,677,623).

On October 23, 2020, Former Goldshore issued 1 common share for proceeds of $0.01 in conjunction with the incorporation of the Company.

On December 31, 2020, Former Goldshore closed a non-brokered private placement by issuing 6,850,000 common shares at a price of $0.05 per common share for gross proceeds of $342,500. Former Goldshore incurred cash share issuance costs of $3,675 in connection with the closing of the placement.

On February 26, 2021, the Company and Former Goldshore closed brokered private placements by issuing 13,333,335 Flow-Through Subscription Receipts and 23,076,912 Subscription Receipts at a price of $0.75 per Flow-Through Subscription Receipt and $0.65 per Subscription Receipt for total gross proceeds of $25,000,002. The subscriptions received in advance were held in escrow (the "Escrowed Funds"), including $14,359,805 as restricted cash as at March 31, 2021, pending satisfaction of certain conditions ("Escrow Release Conditions"), including the closing of the Amalgamation and receiving conditional approval for the resulting issuer's shares being listed on the TSX-V. On June 1, 2021, the Escrowed Funds were released from escrow concurrent with the completion of the reverse takeover transaction and commencement of trading on the TSX-V (Note 4). Based on the difference in price between the flow-through and non-flow-through financings, management accounted for the premium paid on the Flow-Through Subscription Receipts on a residual basis as a flow-through premium liability of $1,333,334 (Note 10).

In connection with the closing of the private placements, the Company incurred cash share issuance costs and commissions totalling $2,166,144, including $1,068,717 which were recorded as deferred financing costs as at March 31, 2021. Additionally, the Company and Former Goldshore issued a total of 2,036,484 non-transferrable compensation options ("Compensation Options") to agents. Upon completion of the reverse take over transaction, each Compensation Option was exchanged for one compensation option of the Resulting Issuer, of which 772,560 and 1,263,924 are exercisable for one Resulting Issuer common share at a price of $0.75 and $0.65, respectively, for 24 months after the Escrow Release Date. The total fair value of the Compensation Options was determined to be $730,978 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.30%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. Of the total fair value of the compensation options, $428,522 was recorded at March 31, 2021 and an additional $302,456 was recorded during the nine months ended December 31, 2021 (Note 4).

On May 31, 2021, in connection with the Amalgamation, Former Goldshore issued 3,677,623 common shares, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the Amalgamation had it taken the legal form if Former Goldshore acquired the Company (Note 4).

11. SHARE CAPITAL (continued)

On November 23, 2021, the Company closed its previously announced private placement for aggregate gross proceeds of $10,000,000 by issuing 10,810,692 flow-through common shares ("FT Shares") at a price of $0.65 for gross proceeds of $7,026,950 and 3,911,908 premium flow-through common shares ("Premium FT Shares") at a price of $0.76 per Premium FT Share for gross proceeds of $2,973,050 (the "Offering"). Based on the difference in price between the FT Shares/Premium FT Shares and the market price of the common shares, management accounted for the premium paid on the FT Shares/Premium FT Shares on a residual basis as a flow-through premium liability of $724,762 (Note 10).

In connection with the Offering, the Company paid agents a cash commission equal to 6% of the gross proceeds of the Offering, of which 3% was paid in cash totalling $299,025 and 3% was paid through the issuance of 440,179 common shares of the Company with a fair value of $277,313. In addition, the Company issued to the agents 880,355 compensation options of the Company exercisable for a period of 24 months at an exercise price of $0.65. The fair value of the compensation options was determined to be $294,969 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.05%, expected life of 2 years, volatility factor of 100% and dividend yield of Nil. The Company also incurred additional cash share issuance costs of $144,931 in connection with the closing of the offerings.

Stock options

The Company has adopted a 10% rolling Stock Option Plan (the "Plan"). Under the Plan, the Company may grant stock options to directors, officers, employees and consultants of the Company. The vesting terms and conditions of the options are determined by the Board of Directors. As at December 31, 2021, the Company had 8,787,500 stock options outstanding (March 31, 2021 – Nil) with a weighted average exercise price and remaining life of $0.65 per stock option and 4.48 years, respectively.

On June 4, 2021, the Company granted 7,700,000 stock options to management, directors, advisors, employees and consultants. Each stock option is exercisable into one common share of the Company at a price of $0.65 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $5,426,778 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.97%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

On July 15, 2021, the Company granted 50,000 stock options to an employee of the Company. Each stock option is exercisable into one common share of the Company at a price of $0.69 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $25,583 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.78%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

On November 24, 2021, the Company granted 1,037,500 stock options to management, directors, employees and consultants. Each stock option is exercisable into one common share of the Company at a price of $0.65 per common share for five years, with 1/3 vesting one year from the grant date, 1/3 vesting two years from the grant date and the final 1/3 vesting three years from the grant date. The fair value of the stock options was determined to be $485,335 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.56%, expected life of 5 years, volatility factor of 100% and dividend yield of Nil.

During the three and nine months ended December 31, 2021, the Company recognized $870,580 and $1,945,840, respectively, in stock-based compensation expense. As at December 31, 2021, there were no stock options exercisable.

(in Canadian Dollars)

11. SHARE CAPITAL (continued)

Compensation options

The following is a continuity of the Company's compensation options outstanding for the nine months ended December 31, 2021:

	Exercise price	Number of options
Opening balance, March 31, 2021	$ -	-
Granted	0.68	2,916,839
Closing balance, December 31, 2021	**$ 0.68**	**2,916,839**

As at December 31, 2021, the weighted average price and remaining life of the compensation options outstanding were $0.68 per compensation option and 1.56 years, respectively.

Reserves

The reserves consist of adjustments to equity and additions related to stock options and compensation options.

12. RELATED PARTIES

Key management personnel are considered to include the Company's directors and officers. For the nine months ended December 31, 2021, the Company incurred the following compensation transactions with key management personnel:

	Three months ended December 31, 2021	**Nine months ended December 31, 2021**
Consulting services	$ 70,333	$ 211,000
Stock-based compensation	533,053	1,194,328
Total	$ 603,386	$ 1,405,328

At December 31, 2021, the Company owed $536,251 (March 31, 2021 - $Nil) to related parties in respect of services provided to and payments made on behalf of the Company. These amounts are unsecured, non-interest-bearing and have no specific terms of repayment.

The Company also incurred general and administrative costs of $9,500 and $28,500 (2020 - $Nil and $Nil) to a company controlled by a close family member of the CFO. At December 31, 2021, there is a balance of $15,225 (March 31, 2021 - $Nil) payable, which is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

(in Canadian Dollars)

13. FINANCIAL INSTRUMENTS

a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

		December 31, 2021		March 31, 2021
Financial assets:				
Fair value through profit or loss				
Cash	$	15,703,738	$	2,225,896
Restricted cash		-		14,359,805
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	1,381,326	$	171,953

Accounts payable and accrued liabilities includes amounts due to related parties (Note 12).

The fair values of the Company's cash and restricted cash are carried at fair value in accordance with level 1 of the fair value hierarchy. The Company's accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

b) Management of financial risks

The Company's risk exposures arising from financial instruments and the impact on the Company's financial statements are summarized below:

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. As at December 31, 2021, the Company was exposed to credit risk on its cash. The Company's cash is held with a high credit quality financial institution in Canada and as at December 31, 2021, management considers its exposure to credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At December 31, 2021, the Company had cash of $15,703,738 and accounts payable and accrued liabilities of $1,381,326 with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at December 31, 2021. The Company assessed its liquidity risk as moderate as at December 31, 2021.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to significant currency, interest or other price risk.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the nine months ended December 31, 2021.

15. SEGMENT DISCLOSURES

The Company operates in a single operating segment in the geographic location of Canada, the exploration for and evaluation of mineral property interests.