RILEY GOLD

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RILEY GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

		June 30, 2023		December 31, 2022
ASSETS				
Current Assets				
Cash	$	2,363,998	$	3,255,386
Prepaid expenses		40,487		20,945
Receivables		21,062		26,878
Total Current Assets		2,425,547		3,303,209
Non-current Assets				
Deposits and bonds (Note 5)		43,532		44,531
Right-of-use asset (Note 7)		244,734		-
Exploration and evaluation assets (Note 3)		3,628,038		3,382,532
Property and equipment (Note 6)		11,488		-
Total Non-current Assets		3,927,792		3,427,063
Total Assets	$	6,353,339	$	6,730,272
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 11)	$	380,107	$	517,315
Lease liabilities (Note 8)		65,975		-
Income taxes payable		-		93,050
Total Current Liabilities		446,082		610,365
Non-current Liabilities				
Lease liabilities (Note 7)		178,759		-
Total Non-current Liabilities		178,759		-
Total Liabilities	$	624,841	$	610,365
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		5,997,039		5,997,039
Contributed surplus		474,881		426,905
Currency translation adjustment		173,163		251,963
Deficit		(916,585)		(556,000)
		5,728,498		6,119,907
	$	6,353,339	$	6,730,272

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
EVENTS AFTER THE REPOTING PERIOD (Note 14)

These condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Board of Directors on August 28, 2023 and are signed on its behalf by:

Approved by ***"Todd Hilditch"*** **, Director** ***"Richard DeLong"*** **, Director**

RILEY GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
EXPENSES				
Consulting fees (Note 11)	$ 96,120	$ 108,120	$ 204,240	$ 216,240
Insurance expense	8,541	5,621	15,071	14,642
Investor relations	-	45,000	-	90,000
Interest and bank charges	1,072	754	2,038	1,689
Office supplies and rent (Note 11)	10,208	14,385	26,151	26,520
Professional fees	9,267	7,110	35,245	7,110
Shareholder reporting	-	12,734	5,945	36,848
Share-based payments (Note 11)	46,162	15,394	47,976	40,078
Transfer agent and filing fees	12,769	14,632	25,199	23,614
Travel	1,633	3,471	5,273	4,295
NET LOSS BEFORE OTHER ITEMS	(185,772)	(227,221)	(367,138)	(461,036)
Foreign exchange gain/(loss)	(54,673)	807	(55,692)	(377)
Interest income	29,223	270	62,245	534
NET LOSS FOR THE PERIOD	(211,222)	(226,144)	(360,585)	(460,879)
OTHER COMPREHENSIVE LOSS				
Currency translation adjustment	(75,852)	109,822	(78,800)	57,326
COMPREHENSIVE LOSS FOR THE PERIOD	(287,074)	(116,322)	(439,385)	(403,553)
LOSS PER SHARE, BASIC AND DILUTED	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE SHARES OUTSTANDING	32,182,880	25,682,880	32,182,880	25,682,880

RILEY GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Currency Translation Adjustment	Deficit	Total Equity
Balance, December 31, 2021	32,182,880	$ 5,997,039	$ 377,979	$ 10,403	$ (1,857,420)	$ $ 4,528,001
Share-based payments	-	-	40,078	-	-	40,078
Net loss for the six months ended	-	-	-	-	(460,879)	(460,879)
Currency translation adjustment	-	-	-	57,326	-	57,326
Balance, June 30, 2022	32,182,880	$ 5,997,039	$ 418,057	$ 67,729	$ (2,318,299)	$ 4,164,526
Balance, December 31, 2022	32,182,880	$ 5,997,039	$ 426,905	$ 251,963	$ (556,000)	$ 6,119,907
Share-based payments	-	-	47,976	-	-	47,976
Net loss for the six months ended	-	-	-	-	(360,585)	(360,585)
Currency translation adjustment	-	-	-	(78,800)	-	(78,800)
Balance, June 30, 2023	32,182,880	$ 5,997,039	$ 474,881	$ 173,163	$ (916,585)	$ 5,728,498

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

RILEY GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Six months ended June 30, 2023	Six months ended June 30, 2022
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss for the period	$ (360,585)	$ (460,879)
Item not affecting cash		
Share-based payments	47,976	40,078
Changes in non-cash working capital accounts:		
Prepaid expenses	(19,542)	76,755
Receivables	5,816	32,587
Income taxes payable	(93,050)	-
Accounts payable and accrued liabilities	(33,275)	170,158
	(452,660)	(141,301)
INVESTING ACTIVITY		
Deposits and bonds	-	(684)
Equipment	(12,402)	-
Exploration and evaluation expenditures	(348,525)	(491,848)
	(360,927)	(492,532)
Effect of foreign exchange on cash	(77,801)	57,326
NET CHANGE IN CASH	(891,388)	(576,507)
CASH, BEGINNING OF PERIOD	3,255,386	1,027,995
CASH, END OF PERIOD	$ 2,363,998	$ 451,488

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)

1. NATURE OF OPERATIONS AND GOING CONCERN

Riley Gold Corp. (the “Company” or “Riley”) was incorporated under the Business Corporations Act (British Columbia) on June 3, 2011. On September 29, 2020, the Company changed its name from Riley Resources Corp. to Riley Gold Corp. The Company’s office is located at Suite 2390 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The Company’s common shares on the TSX Venture Exchange (“TSXV”, or the “Exchange”) under the trading symbol RLYG and on the OTCQB Venture Market under the symbol RLYGF.

The Company is a precious metals exploration company engaged in the acquisition and exploration of mineral properties located in the state of Nevada, USA. To date, no mineral development projects have been completed and no commercial development or production has commenced. Based on the information available to date, the Company has not yet determined whether its mineral property contains economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development programs and ultimately upon future profitable production.

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the condensed interim consolidated financial statements. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2022 which have been prepared according to IFRS as issued by the IASB.

The Audit Committee of the Board of Directors authorized for publication the unaudited condensed interim consolidated financial statements on August 28, 2023.

(b) Basis of Presentation

(i) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 9. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. NATURE OF OPERATIONS AND GOING CONCERN (Cont'd)

(b) Basis of Presentation (Cont'd)

ii) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary: RRC Exploration Inc. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
RRC Exploration Inc.	USA	US dollar	100%	Exploration company

iii) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's wholly-owned subsidiary RRC Exploration Inc. is the US dollar.

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities, at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at different rates from those at which they are translated on initial recognition during the period or in previous consolidated financial statements are recognized in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of RRC Exploration Inc. are expressed in Canadian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income (loss) and reported as a currency translation adjustment in equity.

(c) Equipment

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment is amortized on a straight-line basis over their estimated useful lives (5 years).

3. EXPLORATION AND EVALUATION ASSETS

Tokop Gold Property:

The Company has the following agreements in relation to the Tokop Gold Property:

a) The Company entered into a purchase agreement ("PA") on September 30, 2020 to acquire a 100% interest in certain leased patented mining claims, leased unpatented mining claims and owned unpatented mining claims located in Esmeralda County, Nevada. Under the PA, the Company must incur the following:

- Pay US$13,000 on execution of the letter of intent (paid);
- Pay US$15,000 on or before September 30, 2021 (paid);
- Grant a net smelter return ("NSR") royalty of 0.5% on the Tokop Gold Property which the Company has an option to purchase at any time prior to commercial production for US$500,000 (royalty granted); and

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Tokop Gold Property (cont'd)

- Pay minimum lease payments (over a ten-year term) as follows:
  - US$10,000 on or before January 1, 2021 (paid);
  - US$15,000 on or before January 1, 2022 (paid);
  - US$20,000 on or before January 1, 2023 (paid);
  - US$30,000 on or before January 1, 2024;
  - US$330,000 thereafter.

The majority of the Company's mineral interests acquired under the PA are subject to a 3.0% NSR.

b) The Company entered into a mining lease and option to purchase agreement ("MLOP Agreement") on September 30, 2020, whereby the landowner will lease and grant the option to purchase its 100% interest in certain patented and unpatented mining claims ("Nevada Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a fifteen-year term) as follows:

- US$25,000 any time after January 1, 2021 but prior to January 7, 2021 (paid).
- US$35,000 on or before the first anniversary of the execution date of the MLOP Agreement (paid).
- US$45,000 on or before the second anniversary of the execution date of the MLOP Agreement (paid).
- US$55,000 on or before the third anniversary of the execution date of the MLOP Agreement.
- US$3,565,000 thereafter.

Work commitment expenditures:

- US$50,000 on or before the second anniversary of the execution date of the MLOP Agreement (completed);
- US$100,000 on or before the third anniversary of the execution date of the MLOP Agreement (completed);
- US$200,000 on or before the fourth anniversary of the execution date of the MLOP Agreement (completed); and
- US$300,000 on or before the fifth anniversary of the execution date of the MLOP Agreement (completed).

The Company shall grant an NSR royalty of 4.0% on the Nevada Property which the Company has an option to purchase 2.0% of the 4.0% royalty at any time for US$4,000,000. The Company has the option to purchase the Nevada Property outright for US$4,000,000 prior to or on the tenth anniversary of the execution of the MLOP Agreement and for US$6,500,000 prior to or on the fifteenth anniversary of the execution of the MLOP Agreement.

c) The Company entered into an exploration and option agreement ("MGC Agreement") on November 25, 2020, whereby the landowner has granted Riley the option to purchase a 100% interest in certain unpatented mining claims ("MGC Property") located in Esmeralda County, Nevada, under the following conditions:

Minimum lease payments (over a twenty-year term) as follows:

- US$12,788 within two (2) weeks of the execution of the MGC Agreement (paid);
- US$10,000 on or before the first anniversary of the execution date of the MGC Agreement (paid);
- US$20,000 on or before the second anniversary of the execution date of the MGC Agreement (paid);
- US$30,000 on or before the third anniversary of the execution date of the MGC Agreement; and
- US$1,465,000 thereafter.

Work commitment expenditures:

- US$5,000 on or before the first anniversary of the execution date of the MGC Agreement (completed).

During the first 10 years of the 20-year term, the Company may exercise its option by making a lump sum payment of US$500,000. On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on the MGC Property.

d) In addition to the agreements above, the Company staked 283 unpatented mining claims.

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Tokop Gold Property (cont'd)

e) On November 21, 2022, the Company entered into an Investment Agreement and Royalty Agreement with Osisko Gold Royalties Ltd ("Osisko") whereby the Company granted, where applicable, a direct NSR royalty interest on land owned by the Company and an overriding NSR royalty interest on land currently held under option or lease by the Company of 0.5% on the Tokop Gold Property. Refer to the Pipeline West/Clipper Gold Property for more details. During the year ended December 31, 2022, proceeds of $677,200 were credited against the Tokop Gold Property in connection with this transaction.

Pipeline West/Clipper Gold Property

The Company has the following agreements in relation to the Pipeline West/Clipper Gold Property:

a) The Company entered into an option agreement ("Option Agreement") on September 30, 2020, whereby the landowners have granted Riley the option to purchase a 100% interest in certain patented and unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments (over a ten-year term) as follows:
- US$57,146 within two (2) weeks of the execution of the Option Agreement (paid);
- US$20,000 on or before the first anniversary of the execution date of the Option Agreement (paid);
- US$20,000 on or before the second anniversary of the execution date of the Option Agreement (paid);
- US$25,000 on or before the third anniversary of the execution date of the Option Agreement; and
- US$930,000 thereafter.

Work commitment expenditures (over a ten-year term) as follows:
- US$200,000 on or before the third anniversary of the execution date of the Option Agreement (completed);
- US$200,000 on or before the fourth anniversary of the execution date of the Option Agreement;
- US$250,000 on or before the fifth anniversary of the execution date of the Option Agreement; and
- US$2,000,000 thereafter.

On completion of the option exercise, the Company shall grant an NSR royalty of 3.0% on certain unpatented mining claims and an NSR royalty of 1.5% on certain patented mining claims.

b) The Company entered into two separate mining lease agreements ("Lease Agreements") on May 12, 2021, whereby the landowners have granted Riley the right to their 100% interest in certain unpatented mining claims located in Lander County, Nevada, under the following conditions:

Minimum lease payments (over a ten-year term) as follows:
- US$10,000 within five (5) days of the execution of the Lease Agreements (paid);
- US$25,000 on or before the first anniversary of the execution dates of the Lease Agreements (paid);
- US$26,000 on or before the second anniversary of the execution dates of the Lease Agreements (paid);
- US$27,000 on or before the third anniversary of the execution dates of the Lease Agreements; and
- US$217,000 thereafter.

Work commitment expenditures (over a ten-year term) as follows:
- US$25,000 on or before the third anniversary of the execution dates of the Lease Agreements;
- US$50,000 on or before the fourth anniversary of the execution dates of the Lease Agreements;
- US$100,000 on or before the fifth anniversary of the execution dates of the Lease Agreements; and
- US$1,100,000 thereafter.

On the commencement of commercial production, the minimum lease payments shall terminate and be replaced with a 4.0% gross smelter return royalty ("GSR") which Riley has the right to buydown to a 2% GSR at varying amounts adjusted for inflation.

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Pipeline West/Clipper Gold Property (cont'd)

c) On November 21, 2022, the Company entered into an Investment Agreement and Royalty Agreements with Osisko whereby the Company granted, where applicable, a direct NSR royalty interest on land owned by the Company and an overriding NSR royalty interest on land currently held under option or lease by the Company, that includes a 2.0% NSR royalty on the Pipeline West/Clipper Gold Property and a 0.5% NSR royalty on the Tokop Gold Project. The Company has also assigned to Osisko certain rights to buy-back NSR royalties (ranging from 0.75% to 1.5%) from current landowners on specific claims within the Pipeline West/Clipper Gold Property. Additionally, the Company provided Osisko a right of first offer and a right of first refusal on the sale of royalties or streams on the Pipeline West/Clipper Gold Property and the Tokop Gold Property. In accordance with the Investment Agreement entered into by Osisko and the Company, consideration of US$2,600,000 was paid to Riley on closing. During the year ended December 31, 2022, proceeds of $625,248 were credited against the Pipeline West/Clipper Gold Property in connection with this transaction.

East Manhattan Wash Property:

On October 13, 2016, the Company entered into an exploration and option agreement (the "Agreement") with MSM Resource L.L.C. ("MSM"), pursuant to which the Company has been granted an option to acquire MSM's undivided interest in the East Manhattan Wash Property, located in Nye County, Nevada and is comprised of certain unpatented lode mining claims controlled by MSM.

Pursuant to the terms of the Agreement, in order to earn MSM's interest in the East Manhattan Wash Property, the Company must pay to MSM option payments in the aggregate of C$57,500 as follows:

- $5,000 cash upon execution of the agreement (paid);
- $7,500 before the first anniversary date of TSXV final approval of filing QT, March 29, 2018 (the "Anniversary") (paid);
- $10,000 before the second Anniversary (paid);
- $15,000 before the third Anniversary (complete – the Company paid MSM a one-time payment of $5,000 in lieu of the third Anniversary payment); and
- $20,000 before the fourth Anniversary (complete – the Company paid MSM a one-time payment of US$6,000 to extend, for one year, the option payment obligation due before the fourth Anniversary. On April 14, 2022, the Company paid MSM a one-time payment of $10,000 in lieu of the fourth Anniversary work commitment).

On April 14, 2022, the Company amended the payment terms of the Agreement as follows:

- $10,000 on or before March 29, 2023 (paid);
- $10,000 on or before March 29, 2024;
- $10,000 on or before March 29, 2025;
- $10,000 on or before March 29, 2026; and
- $10,000 on or before March 29, 2027.

Work commitments in the aggregate of C$550,000 must be met as follows:

- $50,000 before the first Anniversary (complete);
- $50,000 before the second Anniversary (complete – the Company paid MSM a one-time payment of $15,000 in lieu of the second Anniversary work commitment);
- $100,000 before the third Anniversary (complete – the Company paid MSM a one-time payment of C$20,000 in lieu of the third Anniversary work commitment);
- $150,000 before the fourth Anniversary; (complete – the Company paid MSM a one-time payment of US$6,000 to extend, for one year, the work commitment obligation due before the fourth Anniversary. On April 14, 2022, the Company paid MSM a one-time payment of $10,000 in lieu of the fourth Anniversary work commitment); and
- C$200,000 before the fifth Anniversary. On April 14, 2022, the Company paid MSM a one-time payment of $10,000 in lieu of the fifth Anniversary work commitment).

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

East Manhattan Wash Property (cont'd)

In addition, in order for the Company to exercise its option, it must grant MSM a 3% NSR royalty on the East Manhattan Wash Property and pay MSM an additional lump sum payment of C$200,000.

Exploration and evaluation asset activity during the period:

	Period Ended June 30, 2023	Activity	Year Ended December 31, 2022	Activity	Year Ended December 31, 2021
TOKOP GOLD PROPERTY					
Property acquisition costs and option payments	$ 412,649	$ -	$ 412,649	$ 137,768	$ 274,881
Property maintenance costs	200,232	-	200,232	133,392	66,840
			86,544	5,608	
Environmental and permitting	86,544	-			80,936
Geophysical surveys	103,604	-	103,604	36,813	66,791
Geological Consulting	709,149	71,249	637,900	157,483	480,417
Assays and analysis	223,171	-	223,171	28,916	194,255
Drilling	1,575,750	-	1,575,750	6,030	1,569,720
Communications, field supplies and expenses	379,794	36,059	343,735	46,442	297,293
Allocation of royalty sale proceeds	(677,200)		(677,200)	(677,200)	-
Currency translation adjustment	194,986	(73,482)	268,468	233,226	35,242
	3,208,679	33,826	3,174,853	108,478	3,066,375
PIPELINE WEST/CLIPPER GOLD PROPERTY					
Property acquisition costs and option payments	$ 223,688	$ 35,038	$ 188,650	$ 61,796	$ 126,854
Property maintenance costs	126,463	-	126,463	63,943	62,520
Geological survey	70,421	-	70,421	66,557	3,864
Geological consulting	232,416	51,344	181,072	173,193	7,879
Assays and analysis	102,650	102,650	-	-	-
Communications, field supplies and expenses	53,065	16,241	36,824	32,534	4,290
Allocation of royalty sale proceeds	(625,248)	-	(625,248)	(625,248)	-
Currency translation adjustment	18,225	(3,593)	21,818	22,786	(968)
	201,680	201,680	-	(204,439)	204,439
EAST MANHATTAN WASH PROPERTY					
Property acquisition costs and option payments	$ 148,335	$ 10,000	$ 138,335	$ 10,000	$ 128,335
Property maintenance costs	7,834	-	7,834	1,413	6,421
Engineering and consulting	39,995	-	39,995	-	39,995
Assays and analysis	6,764	-	6,764	-	6,764
Geophysical surveys	9,892	-	9,892	-	9,892
Communications, field supplies and expenses	4,859	-	4,859	-	4,859
	217,679	10,000	207,679	11,413	196,266
TOTAL EXPLORATION AND EVALUATION ASSETS	$ 3,628,038	$ 245,506	$ 3,382,532	$ (84,548)	$ 3,467,080

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL

(a) **Authorized**

At June 30, 2023, the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) **Issued Share Capital**

During the period ended June 30, 2023, no share capital was issued.

(c) **Stock Options**

The Company has a share purchase option plan under which directors, officers, employees and consultants of the Company are eligible to receive share purchase options. The aggregate number of shares available to be issued upon the exercise of all share purchase options granted under the plan shall not exceed 10% of the issued and outstanding shares of the Company. The plan limits the maximum number of share purchase options issuable in any one 12-month period to any one optionee to 5% of the total common shares outstanding. The Board of Directors shall determine the terms and provisions of the options at the time of grant. The exercise price of each share purchase option shall not be less than the market price of the common shares on the date of the grant less the discount permitted by the Exchange. The maximum term of share purchase options shall not exceed 10 years, or such other term as permitted by the Exchange.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measures of the fair value of the Company's share purchase options.

As of June 30, 2023, the Company had outstanding share purchase options enabling holders to acquire common shares of the Company as follows:

Number	Vested	Exercise Price per share	Expiry date
705,000	705,000	$0.10	January 8, 2025
1,150,000	1,150,000	$0.30	October 15, 2025
100,000	100,000	$0.28	March 5, 2026
50,000	50,000	$0.23	March 30, 2026
100,000	50,000	$0.25	April 11, 2027
650,000	162,500	$0.21	April 6, 2028
240,000	240,000	$0.145	September 20, 2028
2,995,000	2,457,500		

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL (Cont'd)

(c) **Stock Options (cont'd)**

A summary of the Company's options and the changes for the period/year are as follows:

	June 30, 2023		December 31, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of the period/year	2,345,000	$0.22	2,495,000	$0.24
Granted	650,000	0.21	100,000	0.25
Expired	-	-	(250,000)	0.40
Outstanding, end of the period/year	2,995,000	$0.22	2,345,000	$0.22

During the year ended December 31, 2022, 100,000 stock options were granted.

During the period ended June 30, 2023, the Company granted 650,000 stock options to certain directors, officers and consultants. The stock options vest ¼ upon grant, ¼ 6 months after the grant date, ¼ 12 months after the grant date and ¼ 18 months after the grant. These options will be exercisable at a price of $0.21 per common share and expire five years after the grant date. The weighted average grant-date fair value of the stock options granted during the period is $0.15.

The weighted average remaining contractual life of the outstanding stock options at June 30, 2023 was 2.96 (December 31, 2022 – 2.77) years.

The weighted average fair value of the stock options granted was determined by using the Black-Scholes option pricing model with the following assumptions:

	Period ended June 30, 2023	Year ended December 31, 2022
Risk-free interest rate	2.90%	2.62%
Estimated volatility	93.77%	90.14%
Expected life	5 years	5 years
Expected dividend yield	Nil	Nil
Estimated forfeiture rate	Nil	Nil

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL (Cont'd)

(d) **Warrants**

As at June 30, 2023, the Company had outstanding share purchase warrants enabling holders to acquire common shares of the Company as follows:

Number	Vested	Price per share	Expiry date
7,500,562	7,500,562	$ 0.40	October 15, 2023*
3,250,000	3,250,000	$ 0.60	August 20, 2023
10,750,562	10,750,562		

*On October 5, 2022, the Company received TSXV acceptance to extend the expiry date of 7,500,562 warrants to October 15, 2023 from October 15, 2022.

A summary of the Company's options and the changes for the period/year are as follows:

	June 30, 2023		December 31, 2022	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period/year	10,750,562	$ 0.46	10,750,562	$ 0.46
Granted	-	-	-	-
Outstanding, end of period/year	10,750,562	$ 0.46	10,750,562	$ 0.46

The weighted average remaining contractual life of the outstanding warrants at June 30, 2023 was 0.25 (December 31, 2022 – 0.74) years.

5. DEPOSITS AND BONDS

Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") to ensure that any reclamation and clean-up work required on the Company's exploration and evaluation properties will be completed to the satisfaction of the BLM. As at June 30, 2023, $43,532 (December 31, 2022 - $44,531) has been paid to the BLM and is included in deposits and bonds.

6. EQUIPMENT

As at June 30, 2023	Cost	Accumulated Amortization	Net Book Value
Equipment	$ 12,677	$ 1,189	$ 11,488

As at December 31, 2022	Cost	Accumulated Amortization	Net Book Value
Equipment	$ -	$ -	$ -

(Unaudited - Expressed in Canadian Dollars)

7. RIGHT-OF-USE ASSET

The Company has entered into a contract for leased office premises in Canada. The lease term is for three years. The lease agreement does not impose any covenants, but the lease asset may not be used as security for borrowing purposes.

The office premises in Canada represent right-of-use assets, which are depreciated on a straight-line basis over the term of the lease.

Balance, December 31, 2022	$	-
Additions during the period		244,734
Balance, June 30, 2023	$	244,734

8. LEASE LIABILITIES

The Company recognized $244,734 pertaining to a right-of-use asset (Note 7) and $244,734 of lease liabilities during the period ended June 30, 2023. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at the date of acquisition. The Company estimates that its incremental borrowing rate is 10%.

Lease liability, December 31, 2022	$	-
Additions during the period		244,734
Balance at June 30, 2023	$	244,734
Current portion of lease liabilities	$	65,975
Long-term portion or lease liabilities	$	178,759

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments are classified into one of the following four categories: fair-value-through-profit or loss (“FVTPL”); fair-value-through other comprehensive income (“FVOCI”); and amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2023	December 31, 2022
Cash	FVTPL	$ 2,363,998	$ 3,255,386
Receivables	Amortized cost	21,062	26,878
Accounts payable and accrued liabilities	Amortized cost	(380,107)	(517,315)

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s receivables predominately relate to receivables from goods and services input tax credits. Accordingly, the Company views credit risk on receivables as minimal, as it is primarily from an agency of the Government of Canada. The Company is also exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large financial institutions or with the Government of Canada.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities and property commitments when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Management attempts to ensure sufficient cash or liquid investments are available to satisfy budgeted expenditures.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States Dollar. The Company's exploration and evaluation costs are denominated in Canadian Dollars and United States Dollars. The Company has not entered into any arrangements to hedge its currency risk. At June 30, 2023, 1 Canadian Dollar was equal to 0.76 US Dollar. Based on the net exposures as of June 30, 2023 and assuming that all other variables remain constant, a 10% fluctuation in working capital on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately $226,583 (December 31, 2022 – $286,668) higher (or lower).

(ii) Commodity price risk

Commodity price risk is the risk that the fair value of financial assets and financial liabilities or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States Dollars, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time. However, the Company is exposed to commodity price risk as it impacts the Company's access to capital and funding.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and is limited because of its short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

10. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets which are regularly monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity, if available, on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold cash and term deposits in interest-bearing bank accounts and highly liquid short-term, interest-bearing investments with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the six months ended June 30, 2023.

11. RELATED PARTY DISCLOSURES

As at June 30, 2023, $328,250 (December 31, 2022 - $337,136) of accounts payable and accrued liabilities was payable to companies with a director or officer in common.

During the period ended June 30, 2023, the Company incurred shared office expenses of $1,378 (June 30, 2022 - $1,408) to a company with an officer in common. During the period ended June 30, 2023, the Company incurred consulting fees of $183,000 to companies with directors and officers in common (June 30, 2022 - $195,000).

During the period ended June 30, 2023, the Company received $12,000 in rent advances from a company controlled by a director (June 30, 2022 - $Nil).

During the period ended June 30, 2023, $317 (June 30, 2022 - $317) was paid to a law firm in which a director is a partner.

During the period ended June 30, 2023, the Company incurred share-based payments of $37,282 (June 30, 2022 – $1,825) to officers and directors of the Company.

12. SUPPLEMENTAL CASH FLOW

The following significant non-cash transactions have been excluded from the condensed interim consolidated statements of cash flows:

As at June 30, 2023, exploration and evaluation expenditures incurred of $23,983 (June 30, 2022– $19,560) are included under accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

13. OPERATING SEGMENTS

The Company operates in a single business segment, being the exploration and development of mineral properties. Assets were located in two geographic areas as set out below:

	June 30, 2023		
	Canada	United States	Total
Current assets	$ 2,380,191	43,356	$ 2,425,547
Deposits and bonds	-	43,532	43,532
Property and equipment	-	11,488	11,488
Right-of-use asset	244,734	-	244,734
Exploration and evaluation assets	-	3,628,038	3,628,038
	$ 2,624,925	3,726,414	$ 6,353,339

	December 31, 2022		
	Canada	United States	Total
Current assets	$ 3,148,388	$ 154,821	$ 3,303,209
Deposits and bonds	-	44,531	44,531
Property and equipment	-	-	-
Exploration and evaluation assets	-	3,382,532	3,382,532
	$ 3,148,388	$ 3,581,884	$ 6,730,272

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2023, 3,250,000 warrants with an exercise price of $0.60 expired without exercise.