

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

Unaudited – Prepared by the Management

### **NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited 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.

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

<b>As at</b>	<b>Note</b>	<b>July 31, 2022</b>	<b>January 31, 2022</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 970,644	\$ 1,015,792
Receivables	4	9,099	18,172
Prepays		-	2,769
<b>Total current assets</b>		<b>979,743</b>	<b>1,036,733</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	1,005,801	1,243,992
Reclamation bond	5	30,072	30,072
<b>Total assets</b>		<b>\$ 2,015,616</b>	<b>\$ 2,310,797</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 24,095	\$ 31,964
Due to related parties	6	-	1,250
<b>Total current liabilities</b>		<b>24,095</b>	<b>33,214</b>
<b>Shareholders' equity</b>			
Share capital	7	3,575,836	3,575,836
Reserves	7	673,869	515,469
Deficit		(2,258,184)	(1,813,722)
<b>Total shareholders' equity</b>		<b>1,991,521</b>	<b>2,277,583</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,015,616</b>	<b>\$ 2,310,797</b>

Going concern (Note 2)

Approved and authorized for issuance by the Board of Directors on September 14, 2022:

"Alexander Kunz"

Director

"Satvir Dhillon"

Director

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

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

	Three months ended July 31,		Six months ended July 31,	
	2022	2021	2022	2021
<b>OPERATING EXPENSES</b>				
Accounting and audit (Note 6)	\$ 22,775	\$ 22,044	\$ 37,775	\$ 37,044
Consulting fees (Note 6)	20,103	15,000	35,103	30,000
Legal fees	12,338	8,083	36,038	49,795
Management fees (Note 6)	40,412	38,166	80,242	108,612
Marketing	53,042	32,595	71,406	107,609
Office and administration (Note 6)	14,026	10,365	25,498	36,565
Project investigation costs	-	62,980	-	62,980
Share-based payments (Notes 6, 7)	40,529	-	158,400	156,907
<b>Loss and comprehensive loss for the period</b>	<b>\$ (203,225)</b>	<b>\$ (189,233)</b>	<b>\$ (444,462)</b>	<b>\$ (589,512)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b>20,445,193</b>	<b>20,271,468</b>	<b>20,445,193</b>	<b>19,516,313</b>

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

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
Balance, January 31, 2021	11,888,849	\$ 849,786	\$ 162,979	\$ (657,201)	\$ 355,564
Issuance of common shares	6,250,000	2,000,000	-	-	2,000,000
Share issuance costs	-	(28,768)	-	-	(28,768)
Shares issued for exploration and evaluation assets	2,006,703	642,145	-	-	642,145
Exercise of warrants	106,750	36,032	(14,682)	-	21,350
Exercise of stock options	19,166	7,246	(3,413)	-	3,833
Share-based payments	-	-	156,907	-	156,907
Loss for the period	-	-	-	(589,512)	(589,512)
Balance, July 31, 2021	20,271,468	\$ 3,506,441	\$ 301,791	\$(1,246,713)	\$ 2,561,519
<hr/>					
Balance, January 31, 2022	20,445,193	\$ 3,575,836	\$ 515,469	\$(1,813,722)	\$ 2,277,583
Share-based payments	-	-	158,400	-	158,400
Loss for the period	-	-	-	(444,462)	(444,462)
Balance, July 31, 2022	20,445,193	\$ 3,575,836	\$ 673,869	\$(2,258,184)	\$ 1,991,521

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

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Condensed Consolidated Interim Statement of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

For the six months ended  
July 31,  
2022                      2021

**OPERATING ACTIVITIES**

Loss for the period	\$ (444,462)	\$ (589,512)
Items not involving cash:		
Share-based payments	158,400	156,907
Changes in non-cash operating working capital:		
Receivables	9,073	(3,620)
Prepays	2,769	17,887
Accounts payable and accrued liabilities	(7,869)	841
Due to related parties	(1,250)	579
	(283,339)	(416,918)

**FINANCING ACTIVITIES**

Proceeds from issuance of common share	-	2,000,000
Share issuance costs	-	(28,768)
Proceeds from exercise of warrants	-	21,350
Proceeds from stock options exercised	-	3,833
	-	1,996,415

**INVESTING ACTIVITIES**

Exploration and evaluation assets expenditures	(111,809)	(118,169)
Cost recoveries	350,000	-
	238,191	(118,169)
Change in cash	(45,148)	1,461,328
Cash, beginning of the period	1,015,792	65,640
Cash, end of the period	\$ 970,644	\$ 1,526,968

**Supplemental Cash Flow Information:**

There was no supplemental cash flow information for the period ended July 31, 2022.

During the period ended July 31, 2021, the Company:

- Issued 2,006,703 common shares at a fair value of \$642,145 for exploration and evaluation assets.
- Transferred \$14,682 from reserves to share capital on the exercise of agent's warrants.
- Transferred \$3,413 from reserves to share capital on the exercise of stock options.

Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

## **Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Torrent Gold Inc. (formerly Raindrop Ventures Inc.) (the “Company”) is a resource exploration company focused on acquiring and exploring resource properties in the USA.

The Company was incorporated on February 14, 2018 under the laws of British Columbia. The Company’s head office is Suite 250, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7 and the Company’s registered office is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company is listed on the Canadian Securities Exchange under the symbol “TGLD” and the Frankfurt Stock Exchange (“FRA”) under the trading symbol RV0.

On March 30, 2022, all issued and outstanding common shares of the Company were consolidated on a 2:1 basis. All references to share, option, warrant and per share amounts have been retroactively restated to reflect the share consolidation.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company and its wholly owned subsidiary’s functional currency.

### **2. BASIS OF PREPARATION**

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with the International Accounting Standards (“IAS”), Interim Financial Reporting.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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 reported amounts of expenses during the year. Actual results could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- 1) the carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position; and
- 2) deferred income tax asset valuation allowances.

**Torrent Gold Inc. (formerly Raindrop Ventures Inc.)**  
Notes to the Condensed Consolidated Interim Financial Statements  
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**2. BASIS OF PREPARATION (continued)**

*Going concern*

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2022, the Company has an accumulated deficit of \$2,258,184 and has not generated any revenues since inception and expects to incur further losses in the development of its business. The ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable 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 favorable or adverse market conditions occur. These factors indicate the existence of a material uncertainty that may cast significant doubt the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. 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.

**Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly owned subsidiary, Raindrop Ventures USA, Inc. which was incorporated in Nevada, USA on February 16, 2021. All significant intercompany balances and transactions have been eliminated upon consolidation.

**Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The subsidiaries of the Company are as follows:

<b>Name of subsidiary</b>	<b>Incorporation</b>	<b>Interest July 31, 2022</b>	<b>Interest January 31, 2022</b>
Raindrop Ventures USA, Inc.	Nevada, USA	100%	100%



## Torrent Gold Inc. (formerly Raindrop Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended July 31, 2022 and 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements for the year ended January 31, 2022. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2022.

### 4. RECEIVABLES

	July 31, 2022	January 31, 2022
Goods and services tax ("GST") receivable	\$ 9,099	\$ 18,172
<b>Total</b>	<b>\$ 9,099</b>	<b>\$ 18,172</b>

### 5. EXPLORATION AND EVALUATION ASSETS

	Nevada Gold Project, USA	Clover Mountain Property, USA	<i>Total</i>
<b>Balance, January 31, 2021</b>	<b>\$ -</b>	<b>\$ 239,530</b>	<b>\$ 239,530</b>
Expenditures during the year:			
Acquisition Costs	705,575	-	705,575
Claims, leases and permits	76,734	12,664	89,398
Consulting and professional	118,686	-	118,686
Field work	-	7,755	7,755
Geophysics and geology	12,621	8,355	20,976
Trenching and sampling	-	57,255	57,255
Travel and accommodation	4,817	-	4,817
<b>Balance, January 31, 2022</b>	<b>918,433</b>	<b>325,559</b>	<b>1,243,992</b>
Expenditures during the period:			
Consulting and professional	99,645	-	99,645
Geophysics and geology	2,100	-	2,100
Travel and accommodation	10,064	-	10,064
	111,809	-	111,809
Cost recoveries	(350,000)	-	(350,000)
<b>Balance, July 31, 2022</b>	<b>\$ 680,242</b>	<b>\$ 325,559</b>	<b>\$ 1,005,801</b>

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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Notes to the Condensed Consolidated Interim Financial Statements  
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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

***Nevada Gold Project, Nevada, USA***

In March 2021, the Company closed the acquisition of an exploration portfolio consisting of three 100%-owned properties (Anchor, Stateline and Sandy) and three 49%-owned properties (Brik, Easter and Viper) (together, the "Properties") from Liberty Gold Corp. ("Liberty Gold"). In consideration for the Properties, the Company paid \$63,430 (US\$50,000) in cash and issued 2,006,703 common shares of the Company at a fair value of \$642,145 to Liberty Gold, representing 9.9% of the Company's issued and outstanding common shares on a post-closing basis at the time of the transaction. Liberty Gold also retained a 1.5% net smelter return royalty on certain of the Properties.

During the period ended July 31, 2022, the Company completed a transaction with an arm's-length company, in which the Company exchanged its 49% minority interests in both Easter and Brik for 51% majority interest in Viper plus receipt of a \$350,000 cash payment to the Company (received during the period ended July 31, 2022).

***Clover Mountain Property, Idaho, USA***

On September 1, 2018, the Company entered into a purchase agreement with Daniel Kunz and Associates, LLC to purchase 100% of the Clover Mountain property consisting of claims in Idaho, USA for 3,241,950 common shares of the Company at a fair value of \$129,678. Subsequent to the purchase agreement on September 1, 2018, Daniel Kunz became a director of the Company.

The Company held a reclamation bond for \$30,072 at July 31, 2022 (January 31, 2022 - \$30,072).

**6. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the period ended July 31, 2022, the Company incurred the following charges with related parties that include officers, directors, key management or companies with common directors of the Company as follows:

- a) Incurred management fees of \$80,242 (2021 - \$108,612) and capitalized consulting and professional fees of \$45,852 (2021 - \$45,952) to a company controlled by a director of the Company. As at July 31, 2022, \$nil was owed to this company (January 31, 2022 - \$nil).
- b) Incurred consulting fees of \$30,000 (2021 - \$30,000) to a company controlled by a director of the Company. As at July 31, 2022, \$nil was owed to this company (January 31, 2022 - \$nil).
- c) Incurred accounting fees of \$30,000 (2021 - \$30,000) and office and administration of \$2,560 (2021 - \$1,685) to a firm where an officer of the Company is a partner. As at July 31, 2022, \$nil was owed to this firm (January 31, 2022 - \$1,250).

During the period ended July 31, 2022, the Company granted nil (2021 – 300,000) stock options to its directors of which \$158,400 (2021 - \$86,550) was recognized from vested options during the period.

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**7. SHARE CAPITAL AND RESERVES**

Authorized: Unlimited common shares without par value

Escrowed shares: 1,912,500 common shares subject to the release schedule of 10% to be released upon the date of listing on the Canadian Securities Exchange (the “CSE”) and an additional 15% are to be released every 6 months thereafter until all the escrowed shares have been released 36 months following the date of listing on the CSE. As at July 31, 2022 there were 555,062 common shares in escrow (January 31, 2022 – 555,062 common shares).

There were no shares issued during the period ended July 31, 2022.

During the year ended January 31, 2022 the Company:

- (a) Completed a private placement of 6,250,000 units of the Company at a price of \$0.32 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one half of one non-transferable common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.54 per share expiring February 12, 2024. The Company paid \$28,768 of share issuance costs in relation to the financing.
- (b) Issued 2,006,703 common shares at a fair value of \$642,145 for exploration and evaluation assets.
- (c) Issued 280,475 common shares from the exercise of warrants for \$74,158.
- (d) Issued 19,166 common shares from the exercise of stock options for \$3,833.

**Stock Options**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

During the period ended July 31, 2022, the Company granted nil (year ended January 31, 2022 - 125,000, 300,000 and 450,000 incentive stock options exercisable at a price of \$0.60, \$0.40 and \$0.72 respectively). The incentive stock options were granted to officers, directors and consultants of the Company.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, January 31, 2021	880,000	0.20
Granted	875,000	0.60
Exercised	(19,166)	0.20
Expired	(38,334)	0.20
Balance, January 31, 2022 and July 31, 2022	1,697,500	0.40
Exercisable at July 31, 2022	1,505,833	0.37

## Torrent Gold Inc. (formerly Raindrop Ventures Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by the Management)

### 7. SHARE CAPITAL AND RESERVES (continued)

As at July 31, 2022, the following options were outstanding:

Number of options outstanding	Exercise price \$	Expiry date
125,000	0.60	October 7, 2024
822,500	0.20	February 14, 2025
300,000	0.40	February 1, 2026
450,000	0.72	October 27, 2026
<u>1,697,500</u>		

The weighted average fair value of each stock option granted during the period ended July 31, 2022 was \$nil (year ended January 31, 2022 - \$0.60).

The share-based payments expense recognized during the period ended July 31, 2022 was \$158,400 (2021 - \$156,907) calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Six months ended July 31, 2022	Year ended January 31, 2022
Risk-free interest rate	-	1.03%
Expected life (in years)	-	4.71
Expected volatility	-	142%
Dividend rate	-	0%

### Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, January 31, 2021	257,100	0.20
Exercised	(280,475)	0.26
Issued	3,125,000	0.54
Expired	(29,750)	0.20
<u>Balance, January 31, 2022 and July 31, 2022</u>	<u>3,071,875</u>	<u>0.54</u>

As at July 31, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
3,071,875	0.54	February 12, 2024
<u>3,071,875</u>		

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### **8. FINANCIAL INSTRUMENTS AND RISKS**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

#### **(a) Capital management**

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at July 31, 2022, the Company is not subject to externally imposed capital requirements.

#### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at July 31, 2022, the Company had a cash balance of \$970,644 and current liabilities of \$24,095. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

#### **(c) Credit risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with a major Canadian based financial institution. Receivables are comprised of GST refunds from the Canadian government. The carrying amount of financial assets represents the maximum credit exposure.

#### **(d) Currency risk**

The Company and its wholly owned subsidiary's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

#### **(e) Interest rate risk**

The Company is not exposed to interest rate risk.

#### **(f) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

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### **8. FINANCIAL INSTRUMENTS AND RISKS (continued)**

#### (g) Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities;

*Level 2* – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

*Level 3* – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair values of other financial instruments, including receivables, due to related parties, loan payable and accounts payable and accrued liabilities, are equal to their carrying values due to the short-term nature of these instruments.

### **9. SEGMENTED INFORMATION**

#### **Industry information**

The Company operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets.

#### **Geographic information**

The Company operates in both Canada and the United States. The Company's exploration and evaluation assets and reclamation bond are located in the United States.

### **10. PROPOSED TRANSACTION**

During the period ended July 31, 2022, the Company entered into a letter of intent ("LOI") to acquire 100% of the Jessup gold-silver exploration project (the "Project") in Churchill County, Nevada from JMX, LLC, an arms-length private company ("Owner"). Pursuant to the LOI, the Company must undertake a private placement to raise up to \$5,000,000 through the distribution of units consisting of one common share and one-half warrant. The LOI provides the Company an option to acquire the Project over a three-year period with:

1. A US \$2,000,000 cash payment;
2. 7,000,000 units issued at closing;
3. 7,000,000 shares and 3,500,000 warrants issued 21 months from Closing; and
4. 7,000,000 shares and 3,500,000 warrants issued 31 months from Closing.

Upon completion of Items 1 through 4 above, the Company will acquire 100% of the Project and Owner shall complete the conveyance of the claims, titles, rights and ownership items of the Project to the Company. A capped, cash bonus payment may also be paid to Owner 42 months from closing date based on Project exploration results for the number of gold equivalent ounces that exceed the current resource.