



**NEXUS GOLD CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021**

Expressed in Canadian Dollars

Head office and registered and records office address

802-750 West Pender Street  
Vancouver BC, V6C 2T7

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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

**NEXUS GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Expressed in Canadian Dollars

	October 31, 2022	January 31, 2022
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	143,217	139,349
Commodity tax recoverable	182,702	109,438
Prepays	70,179	603,053
<b>Total current assets</b>	<b>396,098</b>	<b>851,840</b>
Right of use asset (note 9)	47,571	67,958
Leasehold improvements (note 6)	7,003	10,005
Exploration and evaluation assets (note 5)	1,905,344	6,242,201
<b>TOTAL ASSETS</b>	<b>2,356,016</b>	<b>7,172,004</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	561,909	272,240
Due to related party (note 11)	394,106	-
Loan payable	570,000	275,000
Office lease liability (note 9)	31,309	28,567
<b>Total current liabilities</b>	<b>1,557,324</b>	<b>575,807</b>
Office lease liability, long term (note 9)	26,016	49,829
<b>TOTAL LIABILITIES</b>	<b>1,583,340</b>	<b>625,636</b>
<b>EQUITY</b>		
Share capital (note 10)	27,463,449	31,974,563
Share-based payment reserve (note 10)	3,200,287	3,200,287
Accumulated other comprehensive income	135,382	-
Deficit	(30,026,442)	(28,628,482)
<b>Total equity</b>	<b>772,676</b>	<b>6,546,368</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,356,016</b>	<b>7,172,004</b>

Nature and continuance of operations (note 1)

Subsequent events (note 14)

On behalf of the Board: “Alex Klenman” Director      “Warren Robb” Director

The accompanying notes form an integral part of these consolidated financial statements.

**NEXUS GOLD CORP.****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

Expressed in Canadian Dollars

	Three months ended		Nine months ended	
	October 31,		October 31,	
	2022	2021	2022	2021
			\$	\$
<b>EXPENSES</b>				
Advertising	758	622	2,520	289,235
Amortization	1,001	1,001	3,002	3,002
Consulting fees	52,142	183,046	263,953	505,361
Corporate development and advising	45,500	8,000	72,500	316,500
Filing fees	30,190	13,509	57,379	45,344
Foreign exchange (gain) loss	235,926	32,084	8,860	57,246
Geological consulting	25,559	1,500	45,169	52,329
Insurance	4,422	2,883	13,677	14,846
Interest expense (notes 8,9)	21,703	2,234	25,339	7,164
Investor relations	-	-	-	5,148
Management and directors' fees (note 11)	22,500	30,700	67,500	93,700
Market research and analysis	7,500	214,166	77,708	600,001
Marketing	32,764	90,685	281,625	337,905
Media	12,499	67,500	137,499	179,167
Office and administration (note 11)	6,943	10,189	105,996	51,739
Professional fees	63,894	38,932	218,561	133,608
Project sourcing	-	-	-	22,500
Rent (note 9)	5,796	6,796	16,672	22,256
Share-based compensation (note 10)	-	26,340	-	75,766
Travel and promotion	-	-	-	1,110
<b>Loss for the period before other items</b>	<b>(569,097)</b>	<b>(730,187)</b>	<b>(1,397,960)</b>	<b>(2,813,927)</b>
<b>OTHER ITEMS</b>				
Flow-through liability reduction	-	-	-	54,426
Other income	-	85	-	26,299
<b>Net loss and comprehensive loss for the period</b>	<b>(569,097)</b>	<b>(730,272)</b>	<b>(1,397,960)</b>	<b>(2,733,202)</b>
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding	317,733,233	298,682,138	317,733,233	290,565,035

The accompanying notes form an integral part of these consolidated financial statements.

**NEXUS GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Expressed in Canadian Dollars

	Number of shares	Share capital	Shares to be issued	Accumulated other comprehensive loss	Share- based payment reserve	Deficit	Total equity
		\$	\$		\$	\$	\$
<b>Balance, January 31, 2021</b>	<b>245,811,577</b>	<b>28,356,953</b>	<b>20,000</b>	-	<b>3,077,078</b>	<b>(24,925,766)</b>	<b>6,528,265</b>
Shares issued for cash	41,202,090	2,060,105	-	-	-	-	2,060,105
Share issuance costs		(55,977)	-	-	19,231	-	(36,746)
Shares issued for mineral properties	12,250,000	430,000	-	-	-	-	430,000
Shares issued for services	500,000	36,250	-	-	-	-	36,250
Shares issued on exercise of stock options	2,000,000	178,003	-	-	(68,003)	-	110,000
Shares issued on exercise of warrants	5,369,566	439,227	-	-	(14,772)	-	424,455
Shares to be issued	-	-	260,000	-	-	-	260,000
Share-based compensation	-	-	-	-	75,766	-	75,766
Loss for the period	-	-	-	-	-	<b>(2,733,202)</b>	<b>(2,733,202)</b>
<b>Balance, October 31, 2021</b>	<b>307,133,233</b>	<b>31,444,561</b>	<b>280,000</b>	-	<b>3,089,300</b>	<b>(27,658,968)</b>	<b>7,154,893</b>
<b>Balance, January 31, 2022</b>	<b>317,733,233</b>	<b>31,974,563</b>	-		<b>3,200,287</b>	<b>(28,628,482)</b>	<b>6,546,368</b>
Shares issued pursuant to plan of arrangement (note 4)	-	(4,511,114)	-	-	-	-	(4,511,114)
Other comprehensive income	-	-	-	135,382	-	-	135,382
Loss for the period	-	-	-	-	-	(1,397,960)	(1,397,960)
<b>Balance, October 31, 2022</b>	<b>317,733,233</b>	<b>27,463,449</b>	-	<b>135,382</b>	<b>3,200,287</b>	<b>(30,026,442)</b>	<b>772,676</b>

The accompanying notes form an integral part of these consolidated financial statements.

**NEXUS GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Expressed in Canadian Dollars

	<b>Nine months ended October 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Loss for the period	(1,397,960)	(2,733,202)
Adjustments for non-cash items:		
Share-based compensation	-	75,765
Amortization	3,002	3,002
Right of use asset amortization	20,387	22,256
Shares for services	-	36,250
Changes in working capital items:		
Commodity tax recoverable	(73,264)	53,756
Prepays	532,874	(190,910)
Office lease liability	(21,071)	(26,712)
Accounts payable and accrued liabilities	683,775	41,486
<b>Net cash used in operating activities</b>	<b>(252,257)</b>	<b>(2,718,309)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issuance of shares	-	2,060,102
Proceeds from options exercised	-	110,000
Proceeds from warrants exercised	-	424,457
Share issue costs	-	(36,745)
Cash from Loan agreement	295,000	-
<b>Net cash provided by financing activities</b>	<b>295,000</b>	<b>2,557,814</b>
<b>INVESTING ACTIVITIES</b>		
Recovery of exploration and evaluation assets	-	100,000
Exploration and evaluation expenditures	(38,875)	(1,569,321)
<b>Net cash used in investing activities</b>	<b>(38,875)</b>	<b>(1,469,321)</b>
<b>Change in cash for the period</b>	<b>3,868</b>	<b>(1,629,816)</b>
<b>Cash, beginning of the period</b>	<b>139,349</b>	<b>2,196,670</b>
<b>Cash, end of period</b>	<b>143,217</b>	<b>566,854</b>

**NON-CASH TRANSACTIONS**

<b>Assets and shares transferred through plan of arrangement</b>	4,511,114	-
Shares issued for mineral properties	-	430,000
Shares issued for services	-	36,250

The accompanying notes form an integral part of these consolidated financial statements.

**NEXUS GOLD CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED OCTOBER 31, 2022**  
**Expressed in Canadian Dollars**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Nexus Gold Corp. (“Nexus Gold” or the “Company”) incorporated under the Business Corporations Act of British Columbia on May 7, 2009, is a public company listed on the TSX Venture Exchange (the “TSXV”) and trades under the symbol NXS. The Company also trades under the ticker symbol “NXXGF” in the United States. The address of the Company’s corporate office and its principal place of business is 802 - 750 West Pender Street, Vancouver, BC.

During the year ended January 31, 2022, the Company acquired all the issued and outstanding securities of Cyclone North Resources Inc. (“Cyclone”) pursuant to the terms of a share exchange agreement dated September 23, 2021 between the Company, Cyclone and the securityholders of Cyclone by issuing 12,000,000 shares of the Company.

On October 12, 2022, the Company completed to spin out the company's existing Canadian projects. The plan of arrangement involves the spinout of Nexus Metals Corp (“Nexus Metals”), a newly established subsidiary of the Company, and its Canadian resource projects to shareholders. As a result of the completion of the plan of arrangement, the company transferred all of its rights to the Canadian projects to Nexus Metals. A total of 45,390,460 shares of Nexus Metals have been distributed on a pro rata basis to shareholders of the Company. The Company shareholders received approximately one Nexus Metals share for every seven shares held in Nexus Gold.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company does not generate revenues or cash flow from operations to fund its activities and relies on financing raised from the issuance of shares and the support of creditors and related parties.

**NEXUS GOLD CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED OCTOBER 31, 2022**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of operating revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets does not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company estimates that additional financing will be required to continue operations over the next 12 months.

These factors form a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern.

These consolidated interim financial statements do not include any adjustments related to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements for the year ended January 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements and should be read in conjunction with those audited combined financial statements.

These consolidated interim financial statements were approved by the Board of Directors of the Company on December 22, 2022.



**NEXUS GOLD CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of presentation**

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and of its subsidiaries.

During the period ended October 31, 2022, the COVID-19 pandemic has caused significant and negative impact to the global financial markets. The Company's exploration activities in West Africa and Canada have not been significantly affected by the pandemic to date. If the Company becomes unable to conduct future exploration activities over the long-term in the future, this may result in a potential material impairment of exploration and evaluation assets. The Company continues to monitor and assess the impact of COVID-19 on its business activities. Currently the impact has been minimal, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CSR (British Columbia), Nexus Gold Corp Burkina (Burkina Faso) as at October 31, 2022. All significant inter-company balances and transactions have been eliminated upon consolidation.

**Significant accounting estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation and other equity-based payments, the recoverability and measurement of income taxes, and decommissioning restoration provision.

**NEXUS GOLD CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant accounting estimates and judgments (continued)**

Key estimates made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

*Economic recoverability and probability of future economic benefits of exploration and evaluation assets*

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, a 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.

*Valuation of share-based compensation*

The Company uses the Black-Scholes Option Pricing Model for valuation of share-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.

*Decommissioning restoration provision*

The Company's provision for decommissioning and restoration provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for the discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expenses.

*Income taxes*

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax 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. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

*Going concern*

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty is subject to significant judgment.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant accounting estimates and judgments (continued)**

**Exploration and evaluation assets**

Pre-exploration costs are expensed as incurred. Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and transferred to mining assets and amortized over the estimated useful life of the property following commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing.

Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Write-downs due to impairment in value are charged to profit or loss. General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the period in which they are incurred.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase warrants, and stock options are classified as equity instruments.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase warrants, and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Share capital (continued)**

The Company may from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into: i) a flow-through common 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. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes as other income.

**Share-based compensation**

The Company grants share purchase options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The Company uses the fair value-based method of accounting for stock options granted to directors and for compensatory warrants. Under this method, the fair value of the stock options and compensatory warrants are determined using the Black-Scholes option pricing model. The fair value of stock options is recognized to expense over the vesting period, and the fair value of compensatory warrants is recognized as share issuance costs, with the offsetting credit to reserves.

Consideration paid for the shares on the exercise of share purchase options is credited to share capital.

**Share issue costs**

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be

deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basic and diluted loss per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, this calculation proved to be anti-dilutive.

**Financial instruments**

The Company classifies its financial assets into one of the following categories as follows: Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company has classified its cash as a financial asset measured at fair value through profit and loss. Such assets are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its accounts payables and due to related parties as financial liabilities measured at amortized cost. Such liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

Losses are recognized in the consolidated statement of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative liabilities consist of amounts payable and due to related parties. Derivative liabilities are classified as fair value through profit or loss. The Company has no derivative assets or liabilities.

**Income taxes**

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard (“IAS”) 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

**Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

**Flow-through Shares**

The Company will, from time to time, issue flow-through shares to finance a significant portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. The equity portion is measured at the market value and the residual is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred.

This is effectively the “premium” the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate).

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leases**

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

**Accounting standards issued but not yet effective**

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair values**

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

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Fair values** (continued)

The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of accounts payable, and due to related parties approximate their fair values due to the expected maturity of these financial instruments.

**Financial instrument risk exposure and risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, commodity tax recoverable, and subscription receivable. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered minimal.

The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

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**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Financial instrument risk exposure and risk management (continued)**

(c) Market risk

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

i. Interest rate risk

Some of the Company's accounts payable are subject to interest on unpaid balances.

ii. Foreign currency risk

The Company's functional currency is the Canadian dollar; however, exploration costs and property option payments are transacted in US dollars and West African CFA franc. A one percent change in foreign exchange rates will result in an immaterial change to profit or loss.

iii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

**4. PLAN OF ARRANGEMENT**

On October 12, 2022, the Company and Nexus Metals closed their Plan of Arrangement. Pursuant to the Plan of Arrangement, the Company spun out the Canadian projects to Nexus Metals in exchange for 45,390,460 common shares of Nexus Metals Corp., which have been distributed on an approximate one-for-seven basis to the shareholders of the Company.

The fair value of the net assets transferred to Nexus Metals pursuant to the Plan of Arrangement consisted as below:

	\$
Exploration and evaluation assets	4,511,114
Fair value of net assets	4,511,114

The Plan of Arrangement resulted in a decrease of share capital amounting to \$4,511,114

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**5. EXPLORATION AND EVALUATION ASSETS**

During the nine months ended October 31, 2022, the Company incurred the following exploration and evaluation costs related to the properties.

	Bouboulou Burkina Faso	Rakounga Burkina Faso	Dakuli II Burkina Faso	Manzour Dayere Burkina Faso	Nianguela Burkina Faso	McKenzie ON, Canada	New Pilot Project BC, Canada	Gummy Bear NL, Canada	Dorset Property, NL and Labrador	Black Ridge and Bauline NL, Canada	Cyclone Project	TOTAL
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
<b>Balance, January 31, 2022</b>	<b>1</b>	<b>187,104</b>	<b>1,369,478</b>	<b>96,786</b>	<b>2,541</b>	<b>2,289,989</b>	<b>516,837</b>	<b>509,846</b>	<b>259,582</b>	<b>589,037</b>	<b>421,000</b>	<b>6,242,201</b>
Deferred exploration costs:												
Administration	-	1,663	3,990	11,122	-	6,407	-	-	-	-	-	23,182
Assay	-	-	-	-	-	51,963	-	5,306	-	2,162	-	59,431
Drilling	-	17,558	(22,037)	-	-	-	-	-	-	-	-	(4,479)
Survey	-	-	-	-	-	-	-	-	-	-	129,833	129,833
Mapping	-	-	-	-	-	-	-	760	-	720	-	1,480
General field	-	194,677	16,261	6,840	-	12,489	-	-	-	-	-	230,267
Geological	-	-	2,178	3,422	-	33,322	12,500	14,580	-	20,200	8,500	94,702
Report	-	-	-	-	-	3,289	-	-	-	-	-	3,289
Travel and accommodation	-	5,756	4,941	3,063	-	2,792	-	-	-	-	-	16,552
<b>Total exploration costs</b>	<b>-</b>	<b>219,654</b>	<b>5,333</b>	<b>24,447</b>	<b>-</b>	<b>110,262</b>	<b>12,500</b>	<b>20,646</b>	<b>-</b>	<b>23,082</b>	<b>138,333</b>	<b>554,257</b>
Acquisition costs:												
Cash	-	-	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total acquisition costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>-</b>	<b>219,654</b>	<b>5,333</b>	<b>24,447</b>	<b>-</b>	<b>110,262</b>	<b>12,500</b>	<b>20,646</b>	<b>-</b>	<b>23,082</b>	<b>138,333</b>	<b>554,257</b>
Recovery	-	-	-	-	-	-	-	-	(380,000)	-	-	(380,000)
<b>Plan of arrangement (note 4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,400,251)</b>	<b>(529,337)</b>	<b>(530,492)</b>	<b>(120,418)</b>	<b>(612,119)</b>	<b>(559,333)</b>	<b>(4,511,114)</b>
<b>Balance, October 31, 2022</b>	<b>1</b>	<b>406,758</b>	<b>1,374,811</b>	<b>121,233</b>	<b>2,541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,905,344</b>

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

During the year ended January 31, 2022, the Company incurred the following exploration and evaluation costs related to the properties.

	Bouboulou Burkina Faso	Rakounga: Burkina Faso	Dakuli II Burkina Faso	Manzour Dayere Burkina Faso	Nianguela Burkina Faso	McKenzie ON, Canada	New Pilot Project BC, Canada	Gummy Bear NL, Canada	Dorset Property, NL and Labrador	Black Ridge and Bauline NL, Canada	Cyclone Project	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, January 31, 2021</b>	<b>1</b>	<b>155,947</b>	<b>665,047</b>	<b>51,600</b>	<b>-</b>	<b>1,263,494</b>	<b>461,455</b>	<b>406,400</b>	<b>309,582</b>	<b>564,161</b>	<b>-</b>	<b>3,877,687</b>
Deferred exploration costs:												
Administration	-	5,960	90,052	29,781	-	34,695	-	-	-	-	-	160,488
Assay	-	-	35,344	-	-	75,739	28,000	45,827	-	1,550	-	186,460
Drilling	-	19,259	351,251	-	-	595,855	-	-	-	-	-	966,365
General field	-	233	46,845	717	-	63,755	457	1,982	-	20	-	114,009
Geological	-	18,972	72,884	2,518	-	229,255	26,425	47,353	-	18,537	1,000	416,944
Report	-	-	-	-	-	10,800	-	-	-	-	-	10,800
Travel and accommodation	-	13,064	105,961	7,851	-	16,395	500	8,284	-	4,769	-	156,824
Total exploration costs	-	57,488	702,337	40,867	-	1,026,494	55,382	103,446	-	24,876	1,000	2,011,890
Acquisition costs:												
Cash	-	13,669	2,094	4,319	2,541	-	-	-	-	-	-	22,624
Shares	-	10,000	-	-	-	-	-	-	-	-	420,000	430,000
Total acquisition costs	-	23,669	2,094	4,319	2,541	-	-	-	-	-	420,000	452,624
Total expenditures	-	81,157	704,431	45,186	2,541	1,026,494	55,382	103,446	-	24,876	421,000	2,464,514
Option payments received	-	(50,000)	-	-	-	-	-	-	(50,000)	-	-	(100,000)
<b>Balance, January 31, 2022</b>	<b>1</b>	<b>187,104</b>	<b>1,369,478</b>	<b>96,786</b>	<b>2,541</b>	<b>2,289,989</b>	<b>516,837</b>	<b>509,846</b>	<b>259,582</b>	<b>589,037</b>	<b>421,000</b>	<b>6,242,201</b>

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Properties in West Africa**

**Bouboulou Property, Burkina Faso, West Africa**

During the year ended January 31, 2017, the Company entered into an option agreement to acquire a 100% interest in the Bouboulou Exploration Permit located in Burkina Faso, West Africa. The agreement was amended in February 2020.

According to the amended agreement, the Company has an option to acquire up to 75% interest in the property, in consideration for cash payments of US\$500,000 and the issuance of 900,000 common shares of the Company, over a period of three years as follows:

- i) pay US\$10,000 (paid) and issue 50,000 shares (issued at a value of \$2,500);
- ii) pay US\$35,000 (paid) and issue 100,000 shares (issued at a value of \$7,000);
- iii) pay US\$125,000 (paid) and issue 250,000 shares on or before April 5, 2019 (issued at a value of \$30,000);
- iv) issue 250,000 shares on or before May 31, 2020 as amended;
- v) pay US\$150,000 on or before June 30, 2020 as amended;
- vi) issue 250,000 shares on or before August 31, 2020 as amended;
- vii) pay US\$180,000 on or before November 30, 2020 as amended.

Following the acquisition of a 75% interest in the property, the Company will have the option to acquire the remaining 25% interest in the Property through a cash payment of US\$1,000,000 with a 1% NSR remaining with the Optionor.

During the year ended January 31, 2021 the Company did not make the payments required by the option agreement to keep it in good standing and accordingly the carrying value of the property was written down to \$1 after an impairment charge of \$1,093,280 was expensed as an asset write-off.

**Rakounga Gold Property, Burkina Faso, West Africa**

On July 11, 2017, the Company entered into a letter of intent with Belemyida SA (the "Optionor"), pursuant to which the Company will acquire the right to earn up to 100% interest in the Rakounga Gold Property located in Burkina Faso, West Africa. The agreement was amended in August 2019.

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Rakounga Gold Property, Burkina Faso, West Africa (continued)**

According to the terms of the amended agreement, the Company will have an option to acquire a 90% interest in the property, in consideration for the following cash payments and the issuance of common shares of the Company as follows:

- i) pay US\$15,000 (paid) and issue 2,500 shares (issued at a value of \$4,625) upon signing of a definitive agreement;
- ii) pay US\$15,000 (paid) and issue 50,000 shares on or before August 31, 2018 (issued at a value of \$15,250);
- iii) pay US \$25,000 (paid) and issue 250,000 shares on or before December 13, 2019, as amended (issued at a value of \$25,000);
- iv) pay US\$70,000 (paid) on or before April 30, 2020, as amended;
- v) issue 250,000 shares (issued) on or before August 30, 2020;
- vi) issue 250,000 shares (issued) on or before August 30, 2021, as amended;
- vii) pay US\$125,000 on or before November 30, 2021 (paid), as amended and
- viii) pay US\$150,000 on or before November 30, 2024, as amended.

Following the acquisition of a 90% interest in the property, the Company will have the option to acquire the remaining 10% interest in the property through a cash payment of US\$1,000,000 with a 1% NSR remaining with the Optionor.

**Rakounga Gold Property, Burkina Faso, West Africa - Option Out agreement**

On December 2, 2019, as amended on March 20, 2020, the Company entered into an agreement to grant 90% of the interest in Rakounga property to an unrelated party (“Optionee”) in consideration for completing a financing or going public transaction before December 13, 2020, and making the following payments:

- i) paying \$30,000 on December 2, 2019(received);
- ii) paying \$70,000 on or before April 30, 2020 (received);
- iii) paying \$150,000 on or before December 2, 2021 (received);
- iv) paying \$250,000 on or before December 2, 2022;
- v) paying \$500,000 on or before December 2, 2023

incurring the following exploration expenditures:

- i) \$100,000 on or before December 2, 2021;
- ii) an additional \$150,000 on or before December 2, 2022;
- iii) an additional \$500,000 on or before December 2, 2023 and
- iv) an additional \$500,000 on or before December 2, 2024.



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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Rakounga Gold Property, Burkina Faso, West Africa (continued)**

At any time, following exercise of the option, and until November 30, 2025, subject to the terms of the underlying option agreement, the Optionee will have the right to acquire the remaining 10% interest in the Property in consideration for a one-time cash payment of \$1,000,000.

During the year ended January 31, 2020 management had considered whether the costs capitalized for Rakounga property was recoverable based on the review of future option payments to be made and option payments to be received from the optionee. Based on the results of this assessment, it was determined that as of January 31, 2020 the capitalized costs are not recoverable and as such the related capitalized exploration and evaluation costs were written-down to \$1, resulting in a write-off of exploration and evaluation assets of \$951,856. During the year ended 2021 the Company incurred and capitalized additional exploration and evaluation costs which were deemed recoverable due an established history of payments received from the optionee and management expects those future payments to be received will exceed capitalized costs as at October 31, 2022.

**Dakuli II Property, Burkina Faso, West Africa**

In 2019, the Company applied to the Ministry of Mines in Burkina Faso to stake Dakuli II claims. During the year ended January 31, 2020 the Company received approval from the Ministry of Mines in Burkina Faso and started exploration work on the property.

**Manzour Dayere, Burkina Faso, West Africa**

During the year ended January 31, 2020, the Company paid \$4,510 in staking fees to stake Manzour Dayere claims. The Company started exploration work on the property in fiscal 2020.

**Nianguela, Burkina Faso, West Africa**

During the year ended January 31, 2022, the Company paid \$2,541 in staking fees to stake Nianguela claims. The Company has not yet started to explore the property.

**Properties in Canada (spun out)**

The Company spun out the Canadian properties to Nexus Metals (note 4).

**New Pilot Project**

In January 2019, the Company issued 3,500,000 common shares valued at \$385,000 to a company with a director in common to acquire a 100% interest in New Pilot Project located in British Columbia, Canada. The acquisition agreement was finalized in February 2019 and as a result, \$385,000 was reclassified from exploration advance to acquisition costs in fiscal 2020. On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**McKenzie Property**

On February 12, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the McKenzie Island Claims in consideration for a cash payment of \$150,000 (paid) and issuance of 4,000,000 shares (issued). In addition, 300,000 shares valued at \$39,000 were issued to the finders of this property. On May 19, 2020, the Company entered into another mineral property acquisition agreement to acquire two additional claims in consideration for a cash payment of \$4,000 (paid) and issuance of 400,000 shares (issued).

On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

**Gummy Bear**

On May 22, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the Gummy Bear claims located in Newfoundland and Labrador, Canada in consideration for an issuance of 4,000,000 (issued) common shares valued at \$360,000. The Company issued 400,000 common shares valued at \$36,000 to a finder of the property. The underlying owners are entitled to a 2% NSR royalty of which 1% can be purchased back for \$1,000,000.

On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

**Black Ridge and Bauline**

On June 17, 2019, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the Black Ridge and Bauline claims located in Newfoundland and Labrador, Canada in consideration of the issuance of 5,500,000 (issued) common shares valued at \$495,000. The Company issued 491,448 common shares valued at \$44,230 to a finder of the property.

The underlying owners are entitled to a 2% NSR royalty of which 1% can be purchased back for \$1,000,000.

On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

**Dorset Gold Project**

On March 6, 2020, the Company entered into a mineral property acquisition agreement pursuant to which the Company could purchase a 100% interest in the Dorset Gold Project located in the Province of Newfoundland and Labrador, Canada. The Company completed this acquisition in fiscal 2021 and acquired the interest in the property by issuing 11,000,000 common shares as consideration and also issued 550,000 common shares to finders; with a total value of \$404,250.

On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

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**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**Dorset Gold Project - Option Out agreement**

On April 22, 2020, the Company entered into an agreement to grant 100% of the interest in Dorset Gold property to a corporation which has an officer in common with the Company in consideration of the following:

making cash payments totalling \$1,250,000, as follows:

- i) \$100,000 (received) on the closing date;
- ii) \$50,000, on or before April 22, 2021 (received);
- iii) an additional \$100,000, on or before April 22, 2022;
- iv) an additional \$400,000, on or before April 22, 2023; and
- v) an additional \$600,000, on or before April 22, 2024;

and by incurring Expenditures of not less than \$1,500,000, as follows:

- i) \$150,000, on or before the April 22, 2022;
- ii) an additional \$200,000, on or before April 22, 2023;
- iii) an additional \$400,000, on or before April 22, 2024; and
- iv) an additional \$750,000, on or before April 22, 2025.

On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

**Cyclone Project**

On September 22, 2021, Cyclone North Resources Inc (“Cyclone”) entered into a share purchase agreement pursuant to which Cyclone has an option to acquire a 100% interest in the property, in consideration for the cash payment of \$40,000 on or before December 31, 2021 and funding exploration expenditures on the claims no less than \$125,000 on or before March 31, 2022.

Following completion of the cash payments and the incurrence of the exploration expenditures, Cyclone shall have exercised the option in full and shall be the beneficial owner of the claims, subject to a 3% net smelter returns royalty on commercial production from the claims in favor of the third party. 1.5% of the royalty may be purchased by Cyclone at any time prior to December 31, 2024 through a one-time cash payment of \$2,500,000 to a third party, and anytime thereafter through a one-time cash payment of \$5,000,000.

The Company acquired all of the outstanding issued shares of Cyclone North Resources Inc. by issuing 12,000,000 common shares with a fair value of \$420,000. The value of the shares issued was allocated to a mineral property purchased with Cyclone North Resources Inc. The Company determined that Cyclone does not constitute a business as defined under IFRS 3, Business Combinations, and the acquisition was accounted for as an asset acquisition. Aside from the exploration properties there were no intangible assets identified that met the recognition criteria under IFRS, therefore the excess of the consideration paid over the fair value of the monetary assets and liabilities assumed was expensed. On October 12, 2022, the Company spun out the property to Nexus Metals (note 4).

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**6. LEASEHOLD IMPROVEMENTS**

At the time of entering into an office lease for the Company's offices, during the year ended January 31, 2020, the Company incurred leasehold improvement expenses of \$20,010. The leasehold improvements are amortized on a straight-line basis over the term of the lease of five years. Leasehold improvements as at October 31, 2022 are as follows:

	Cost	Accumulated Amortization	Net book value
	\$	\$	\$
Leasehold improvements, January 31, 2021	20,010	(10,005)	10,005
Less: Amortization	-	(3,002)	(3,002)
Leasehold improvements, October 31, 2022	20,010	(13,007)	7,003

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities consist of:

	October 31, 2022	January 31, 2022
	\$	\$
Trade payables	519,261	225,365
Accrued liabilities	22,500	46,875
Accrued interest on loan payable (note 8)	20,148	-
	<u>561,909</u>	<u>272,240</u>

During the year ended January 31, 2022 the Company settled payables in the amount of \$26,250 by issuing 500,000 common shares (October 31, 2022 - \$Nil).

**8. LOAN PAYABLE**

During the nine months ended October 31, 2022, the Company had \$570,000 (January 31, 2022 - \$270,000) in loan bearing interest at 6% per annum, unsecured and is due on demand and no later than April 28, 2023. During the nine months ended October 31, 2022, the Company recorded interest expense of \$20,148 (2021 - \$Nil).

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**9. RIGHT OF USE ASSET AND LEASE OBLIGATION**

Right-of-Use asset represents the Company's right to lease the office space. It is amortized over the term of the lease. During the year ended January 31, 2022, \$23,820 was recorded in rent expense for amortization of this asset and \$9,235 in interest. During the nine months ended October 31, 2022, \$20,387 was recorded in rent expense for amortization of this asset and \$5,191 in interest.

Office lease liability represents the Company's obligation to pay office rent during the term of the office lease contract. The Company measures the lease liability at the present value of the lease payments that are not paid at October 31, 2022. The lease payments are discounted using a 10% interest rate which is the Company's estimated incremental borrowing rate.

The following schedule provides details of the lease liability at October 31, 2022:

<b>Minimum lease payments:</b>	<b>\$</b>
Next 12 months	27,112
Longer than 12 months	36,149
<b>Total future minimum lease payments</b>	<b>62,751</b>
Less: Imputed future interest	(5,426)
<b>Total lease liability</b>	<b>57,325</b>
Less: Current portion	(31,309)
Long-term portion of future minimum lease payments	26,016

**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE**

**Share Capital**

**During the nine months ended October 31, 2022:**

No new shares were issued during the nine months ended October 31, 2022.

**During the year ended January 31, 2022:**

- i) In February 2021 the Company issued 250,000 shares for services valued at \$20,000 that were recorded as shares to be issued as at January 31, 2021;
- ii) On March 4, 2021 the Company issued 869,565 shares on exercise of warrants at \$0.10 per warrant;
- ii) On March 15, 2021 the Company issued 1,000,000 shares on exercise of stock options at \$0.06 per option. The fair value of the options of \$42,400 was deducted from share-based payment reserve;

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

**Share Capital (continued)**

- iii) On March 25, 2021 the Company closed a non-brokered private placement through the issuance of 6,592,640 units at a price of \$0.05 per unit for gross proceeds of \$329,632. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of three years. No finders' fees or commissions were paid in connection with completion of the Offering.
- iv) In April 2021 the Company issued 250,000 shares for services valued at \$16,250;
- v) In April 2021 the Company issued 1,545,455 shares on exercise of warrants at \$0.075 per warrant;
- vi) On May 13, 2021 the Company issued 2,954,546 shares on exercise of warrants at \$0.0075 per warrant. The fair value of the warrants of \$14,773 was deducted from share-based payment reserve;
- vii) On May 31, 2021 the Company closed a non-brokered private placement through the issuance of 18,500,000 units at a price of \$0.05 per unit for gross proceeds of \$925,000. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of three years. The company paid \$12,000 in finders' fee and issued 240,000 warrants with the fair value of \$10,052 in connection with completion of the Offering.
- viii) On June 28, 2021 the Company closed a non-brokered private placement through the issuance of 16,109,450 units at a price of \$0.05 per unit for gross proceeds of \$805,473. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.07 for a period of three years. The company paid \$13,500 in finders' fee and issued 240,000 warrants with the fair value of \$9,179 in connection with completion of the Offering.
- ix) On August 26, 2021 the Company issued 1,000,000 shares on exercise of stock options at \$0.05 per option. The fair value of the options of \$25,603 was deducted from share-based payment reserve;
- x) In August 2021, the Company issued 250,000 shares for Rakounga mineral project valued at \$10,000;
- xi) On October 1, 2021, the Company issued 12,000,000 shares pursuant to a share purchase agreement between the Company and shareholders of Cyclone North Resources Inc. The shares are valued at \$420,000;

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

**Share Capital (continued)**

**During the year ended January 31, 2022 (continued):**

- xii) On December 1, 2021, the company has completed a non-brokered private placement for gross proceeds of \$530,000. In connection with closing of the offering, the company has issued 5,000,000 flow-through units and 5,600,000 non-flow-through units. Each unit (flow-through and non-flow-through) was issued at a price of five cents and consists of one common share of the company and one common share purchase warrant exercisable at price of \$0.70 per share until Dec. 1, 2024.

**Options**

**Share-based Compensation Plan:**

The Company has a Stock Option Plan ("the Plan) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% of the number issued and outstanding common shares of the Company at the date of grant. The minimum exercise price is set at \$0.05. The exercise price of options granted under the Plan may not be less than the market value of the Company's common shares on the date of grant. Options granted under the Plan have a maximum life of ten years and vest on the date of grant or over periods determined by management. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3-month period.

At October 31, 2022, the Company had the following share purchase options outstanding:

Number of options	Exercise price	Expiry date	Weighted Average Contractual Life Remaining, years
	\$		
50,000	0.33	June 14, 2023	0.62
50,000	0.24	September 12, 2023	0.87
200,000	0.11	November 16, 2023	1.33
300,000	0.18		1.14

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

**Options (continued)**

A summary of changes in share purchase options during the period is as follows:

	Number of Options	Weighted average exercise price \$
<b>Outstanding and exercisable, January 31, 2021</b>	10,056,905	0.13
Granted	4,750,000	0.07
Exercised	(2,000,000)	0.06
Expired	(145,000)	0.19
Cancelled	(200,000)	0.24
<b>Outstanding and exercisable, January 31, 2022</b>	12,461,905	0.12
Expired	(5,050,000)	0.12
Cancelled	(7,111,905)	0.13
<b>Outstanding and exercisable, October 31, 2022</b>	300,000	0.18

The fair value of the compensatory share purchase options issued during the nine months ended October 31, 2021 was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price. There were no additional share purchase options issued during the nine months ended October 31, 2022.

The weighted average inputs used in the measurement of fair value at grant date of the share purchase options are:

	October 31, 2022	October 31, 2021
Risk free interest rate	-	0.27%
Expected life of options	-	2 years
Annualized volatility	-	113%
Dividend yield	-	0%
Exercise price	-	\$ 0.066
Share price at measurement date	-	\$ 0.070



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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

**Warrants**

A summary of changes in warrants during the period is as follows:

	Number of Warrants	Weighted average exercise price
		\$
<b>Balance, January 31, 2021</b>	130,154,890	0.08
Granted	52,312,090	0.07
Expired	(6,115,326)	0.16
Exercised	(5,369,566)	0.08
<b>Balance, January 31, 2022</b>	170,982,088	0.08
Expired	(21,412,912)	0.16
<b>Balance, October 31, 2022</b>	149,569,176	0.07

As at October 31, 2022, there are 149,569,176 warrants outstanding and exercisable at \$0.07 per warrant.

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**

**Warrants (continued)**

As at October 31, 2022, the Company has the following warrants outstanding:

Number of warrants	Exercise price	Expiry date	Weighted Average Contractual Life Remaining, years
	\$		
2,230,337	0.075	November 30, 2022	0.08
328,000	0.075	December 23, 2022	0.14
7,421,855	0.075	December 31, 2022	0.17
12,666,000	0.07	June 3, 2023	0.84
2,723,638	0.07	June 19, 2023	0.63
3,670,000	0.07	June 26, 2023	0.65
1,360,000	0.07	July 1, 2023	0.66
460,000	0.07	July 14, 2023	0.70
4,338,600	0.12	August 4, 2023	0.76
20,014,842	0.07	December 23, 2023	1.14
636,364	0.055	December 23, 2023	1.14
3,105,000	0.07	December 31, 2023	1.17
6,592,640	0.07	March 31, 2024	1.41
18,740,000	0.07	May 31, 2024	1.58
16,379,450	0.07	June 28, 2024	1.66
2,352,941	0.12	August 20, 2024	2.06
10,600,000	0.07	December 01, 2024	2.09
12,153,409	0.07	December 23, 2024	2.15
241,200	0.07	December 31, 2024	2.17
19,220,000	0.07	January 31, 2025	2.25
4,334,900	0.07	March 23, 2025	2.39
149,569,176	0.07		1.48

The fair value of the compensatory share purchase is measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price.

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**11. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors. Compensation and transactions are recorded at the exchange amount which are the amounts agreed to by key management and entities over which key management have control or significant influence as follows:

	Nine months ended	
	October 31,	
	2022	2021
	\$	\$
Management fees	67,500	93,700
Office and administration	-	45,000
Exploration and evaluation assets, capitalized	73,542	118,050
Geological consulting	-	4,500
<b>Total</b>	<b>141,042</b>	<b>261,250</b>

As at October 31, 2022, the Company had \$394,106 owing to its related party (January 31, 2022 - \$Nil).

**12. SEGMENTED INFORMATION**

The Company has one operating segment being the exploration of exploration and evaluation of mineral properties. The Company's exploration and evaluation assets are located in Burkina Faso and this geographic information is disclosed in note 5.

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**13. CAPITAL MANAGEMENT**

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, and exploration of exploration and evaluation assets. 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. Management considers the Company's capital structure to primarily consist of the components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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.

There were no changes in the Company's approach to capital management during the period ended October 31, 2022. The Company is not subject to externally imposed capital requirements.

**14. SUBSEQUENT EVENTS**

Subsequent to the nine months ended October 31, 2022, there were no significant events.