Lahontan Gold Corp.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

(expressed in United States dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Lahontan Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Lahontan Gold Corp.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Interim Statements of Financial Position

(expressed in United States dollars)

	March 31, 2023 $	December 31, 2022 $
Assets		
Current assets:		
Cash and cash equivalents	1,912,012	806,724
Amounts receivable (note 5)	52,698	7,802
Prepaid expenses	148,655	65,082
	2,113,365	879,608
Reclamation deposits (note 6)	317,793	317,793
Exploration and evaluation assets (note 7)	15,098,452	14,576,489
	15,416,245	14,894,282
Total assets	17,529,610	15,773,890
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	98,848	85,324
Asset retirement obligation (note 8)	364,723	363,223
Deferred tax liability	932,352	924,986
	1,297,075	1,288,209
Total liabilities	1,395,923	1,373,533
Shareholders' equity		
Capital stock (note 9)	46,889,482	45,419,989
Warrants (note 9)	2,252,353	1,687,125
Contributed surplus (note 9)	7,841,907	7,544,907
Accumulated deficit	(40,780,635)	(40,183,119)
Accumulated other comprehensive loss	(69,420)	(68,545)
Total shareholders' equity	16,133,687	14,400,357
Total liabilities and shareholders' equity	17,529,610	15,773,890

Going concern (note 1)

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

Approved by the Board of Directors:

/s/ John McConnell
Director

/s/ Chris Donaldson
Director

Lahontan Gold Corp.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in United States dollars)

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Expenses		
Promotion and website	205,302	83,094
Regulatory authority and transfer agent fees	5,554	11,827
Legal, accounting and audit	30,504	67,734
Office, general and administrative	109,027	98,450
Share based compensation (note 9)	250,419	-
Total expenses	(600,806)	(261,105)
Other income		
Interest income	10,656	428
Loss before tax	(590,150)	(260,677)
Deferred income tax expense	(7,366)	(29,980)
Net loss for the period	(597,516)	(290,657)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(875)	21,011
Total comprehensive loss for the period	(598,391)	(269,646)
Loss per common share:		
Basic and diluted	(0.01)	(0.00)
Weighted average number of common shares outstanding:		
Basic and diluted	103,486,688	82,660,501

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

Lahontan Gold Corp.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(expressed in United States dollars)

	Capital stock		Subscription receipts in escrow	Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	$	$	#	$	$	$	$	$
Balance, December 31, 2022	93,460,501	45,419,989	-	12,760,773	1,687,125	7,544,907	(40,183,119)	(68,545)	14,400,357
Net loss for the period	-	-	-	-	-	-	(597,516)	-	(597,516)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(875)	(875)
Total comprehensive loss for the period	-	-	-	-	-	-	(597,516)	(875)	(598,391)
Private placement of common shares and warrants (note 9)	28,312,400	1,802,933	-	14,156,200	488,478	-	-	-	2,291,411
Finder warrants (note 9)	-	(76,750)	-	1,750,168	76,750	-	-	-	-
Share issue costs	-	(256,690)	-	-	-	-	-	-	(256,690)
Stock option compensation charge (note 9)	-	-	-	-	-	297,000	-	-	297,000
Balance, March 31, 2023	121,772,901	46,889,482	-	28,667,141	2,252,353	7,841,907	(40,780,635)	(69,420)	16,133,687
Balance, December 31, 2021	82,660,501	42,880,244	-	8,415,363	1,054,120	6,592,207	(37,771,687)	96,958	12,851,842
Net loss for the period	-	-	-	-	-	-	(290,657)	-	(290,657)
Foreign currency translation adjustment	-	-	-	-	-	-	-	21,011	21,011
Total comprehensive loss for the period	-	-	-	-	-	-	(290,657)	21,011	(269,646)
Subscription receipts in escrow (note 4, 9)	-	-	3,204,720	-	-	-	-	-	3,204,720
Balance, March 31, 2022	82,660,501	42,880,244	3,204,720	8,415,363	1,054,120	6,592,207	(38,062,344)	117,969	15,786,916

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

Lahontan Gold Corp.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(expressed in United States dollars)

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(597,516)	(290,657)
Items not affecting cash:		
Accretion of asset retirement obligation (note 8)	1,500	1,500
Share based compensation (note 9)	250,419	-
Deferred income tax expense	7,366	29,980
Changes in working capital items:		
Amounts receivable	(44,896)	42,671
Prepaid expenses	(83,573)	106,727
Accounts payable and accrued liabilities	3,913	18,940
	(462,787)	(90,839)
Investing activities		
Exploration and evaluation assets (note 7)	(465,771)	(287,776)
Deferred costs	-	(1,336)
	(465,771)	(289,112)
Financing activities		
Private placement of shares and warrants (note 9)	2,291,411	-
Share issue costs	(256,690)	-
	2,034,721	-
Effect of exchange rate changes on cash and cash equivalents	(875)	21,011
Net change in cash and cash equivalents	1,105,288	(358,940)
Cash and cash equivalents - Beginning of period	806,724	1,044,831
Cash and cash equivalents - End of period	1,912,012	685,891

Supplemental cash flow information (note 14)

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

(expressed in United States dollars)

1. Nature of operations and going concern

General information

Lahontan Gold Corp. was incorporated under the *Business Corporations Act (Ontario)* on May 14, 2020 and is referred to herein as "Original Lahontan". On September 25, 2020, Original Lahontan completed a reverse takeover transaction with Gateway Gold Corp. ("Gateway"). Gateway is considered the accounting acquirer, and accordingly, the Company was considered a continuation of Gateway for accounting purposes. On April 5, 2022, Original Lahontan completed a transaction (the "Amalgamation") with 1246765 B.C. Ltd. ("765 BC") that resulted in 765 BC indirectly acquiring interests in the Santa Fe, Moho and Redlich projects located in Nevada. The transaction was effected through an amalgamation agreement and constitutes a reverse takeover (the "RTO") of 765 BC by Original Lahontan. In connection with the Amalgamation, 765 changed its name to Lahontan Gold Corp. and Original Lahontan's name was changed to 1000166543 Ontario Inc. ("1000 Ont."). As a result of the RTO, 1000 Ont. was identified as the acquiror (legal subsidiary) and 765 BC was treated as the accounting subsidiary (legal parent). On April 11, 2022 the TSX Venture Exchange ("TSXV") issued its final acceptance of the listing statement dated March 28, 2022. Trading of the resulting issuer shares commenced on April 13, 2022 under the trading symbol "LG" (see note 4). Lahontan Gold Corp. (formerly 765 BC) is referred to herein with all of its subsidiaries as "Lahontan" or the "Company".

The Company is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in Nevada, USA. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 600-890 West Pender Street, Vancouver, BC, V6C 1J9, Canada where it is domiciled. The Company's subsidiaries are comprised of: 1000166543 Ontario Inc., domiciled in Ontario, Canada; Lahontan Gold (US) Corp., domiciled in Nevada, USA; Gateway Gold Corp. ("Gateway"), incorporated in British Columbia, Canada; and, Gateway Gold (USA) Corp., domiciled in Nevada, USA.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the three month period ended March 31, 2023, the Company generated a net loss from operations of $597,516 (year ended December 31, 2022 - net loss of $2,411,432). As at March 31, 2023, the Company had working capital of $2,014,517. Given the Company's plans for significant exploration expenditures focused on the Santa Fe, Nevada project during the coming year, existing funds on hand are not sufficient to support planned exploration costs and ongoing corporate costs. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2022 and 2021 which have been prepared in accordance with IFRS.

These financial statements were approved by the board of directors for issue on May 25, 2023.

General information and basis of consolidation

Original Lahontan was incorporated under the *Business Corporations Act (Ontario)* on May 14, 2020. On July 29, 2020, a wholly-owned subsidiary Lahontan Gold (US) Corp. was incorporated in Nevada, USA. On September 25, 2020, the Company completed a reverse takeover transaction with Gateway Gold Corp., a British Columbia, Canada company. Gateway has a wholly-owned subsidiary, Gateway Gold (USA) Corp., a Nevada, USA company which holds the Santa Fe project. For accounting purposes with respect to the reverse takeover, Gateway was considered the accounting acquirer, and accordingly, the Company is considered a continuation of Gateway. The net assets of Original Lahontan at the date of the reverse takeover were deemed to have been acquired by Gateway. On April 5, 2022, Original Lahontan completed the RTO transaction with 1246765 B.C. Ltd. in connection with its public listing transaction. Since 765 BC did not meet the accounting definition of a business, the consolidated entity is considered to be a continuation of Original Lahontan prior to the RTO (see note 4).

The Company's financial statements consolidate those of Lahontan (the legal parent company) and each of its 100% wholly-owned subsidiaries. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in United States dollars and are prepared using the historical cost method.

(expressed in United States dollars)

Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years beginning on or after January 1, 2023. They are not applicable or do not have a significant impact to the Company.

3. Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the years ended December 31, 2022 and 2021.

4. Reverse takeover transaction with 1246765 B.C. Ltd.

On April 5, 2022, Original Lahontan completed a transaction with 765 BC that resulted in 765 indirectly acquiring interests in the Santa Fe, Moho and Redlich projects located in Nevada (the "Transaction"). The Transaction was effected through an amalgamation agreement (the "Amalgamation Agreement"). The Transaction was conditional on the Company completing a private placement of subscription receipts (as described below) and the TSX Venture Exchange ("TSXV") approving the listing of the post-consolidation common shares of 765 BC and other customary conditions.

The Amalgamation Agreement, dated January 29, 2021, as amended, provided for, among other things, a three-cornered amalgamation (the "Amalgamation") pursuant to which: (i) Original Lahontan amalgamated with a newly formed wholly-owned subsidiary of 765 BC incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario); (ii) all of the outstanding common shares, warrants and stock options of Original Lahontan were cancelled and, in consideration therefor, the holders were provided resulting issuer shares, warrants and stock options of 765 BC at an exchange ratio of one-for-one; and, (iii) the amalgamated company became a wholly-owned subsidiary of 765 BC. After giving effect to the Amalgamation, the shareholders of Original Lahontan collectively exercised control over 765 BC. The combination arising from the Amalgamation has been accounted for as a reverse takeover transaction.

Pursuant to the Amalgamation, Original Lahontan shares and other securities (including the common shares and warrants issued upon conversion of the subscription receipts) were exchanged for common shares ("Resulting Issuer Shares") and other securities of 765 BC.

In accordance with the terms of the Amalgamation Agreement, 765 BC effected a consolidation (the "Consolidation") of its outstanding 3,000,000 common shares on the basis of one post-consolidation share for every 2.7 pre-consolidation shares and changed its name to "Lahontan Gold Corp." (the "Name Change"). Shareholders of 765 BC therefore received 1,111,111 Resulting Issuer Shares.

All conditions of the Amalgamation Agreement were satisfied, including among others: (i) the requirement for Original Lahontan to obtain approval of at least $66\frac{2}{3}$ percent of the votes cast by shareholders of the company at a special meeting of shareholders held on March 29, 2022; (ii) the requirement for 765 BC to obtain applicable approvals for the Consolidation and the Name Change; (iii) completion of the private placement of subscription receipts; and, (iv) obtaining conditional approval of the TSXV for the listing of 765 BC's common shares.

For accounting purposes, 765 BC did not meet the definition of a business, therefore the Transaction is outside the scope of IFRS 3 "Business Combinations". Instead, the Transaction has been accounted for as a capital transaction of Original Lahontan under IFRS 2 "Share-based payments". Under this basis of accounting, the consolidated entity is considered to be a continuation of Original Lahontan, with the identifiable assets and liabilities of 765 BC deemed to have been acquired by Original Lahontan. The Transaction also constitutes a reverse takeover of 765 BC. Accordingly, 765 BC is deemed to be the acquired company and its liabilities are brought forward at their book values, which approximate their fair values. Original Lahontan is deemed to be the acquiring company and its assets and liabilities, equity and historical operating results are included at their historical carrying values.

A summary of the consideration deemed to be issued by Original Lahontan and the fair value of liabilities assumed are as follows:

	$
Value of 1,111,111 common shares deemed to be issued	320,000
Liabilities of 765 BC assumed	25,125
Fair value of consideration / Listing expense	345,125

5. Amounts receivable

Amounts receivable of $52,698 is comprised of harmonized sales tax (HST) receivable of $33,645 (December 31, 2022 - $7,802) and other sundry receivables of $19,053.

6. Reclamation deposits

The Company's reclamation deposits comprise bonds in a total amount of $317,793 (December 31, 2022 - $317,793) held by the Nevada Bureau of Land Management Nevada State Office with respect to the Santa Fe, Moho and Redlich projects. These restricted cash deposits will be returned to the Company upon successful completion of reclamation at the projects or after the bonds are replaced by other bonds related to changes in activity at the project sites.

(expressed in United States dollars)

7. Exploration and evaluation assets

	Santa Fe (Nevada, USA) $	Moho (Nevada, USA) $	Redlich (Nevada, USA) $	Total $
Balance, December 31, 2021	**8,979,101**	**2,425,877**	**939,429**	**12,344,407**
Claim staking and renewal fees	80,722	21,099	888	102,709
Advance royalty payments	-	15,000	15,000	30,000
Cash option and share payments	50,000	168,029	-	218,029
Personnel and consultants	582,134	650	-	582,784
Exploration management and support	113,706	-	-	113,706
Field office rent, storage and telecommunication	88,919	371	-	89,290
Travel and accommodation	63,392	292	-	63,684
Drilling and related	399,682	44	-	399,726
Geological	35,859	-	-	35,859
Geochemistry analysis	338,655	-	-	338,655
Technical reports and special consulting	56,020	-	-	56,020
Vehicle costs and fuel	146,370	1,420	-	147,790
Security and equipment	2,395	-	-	2,395
Environmental	23,135	-	-	23,135
Field equipment	28,275	25	-	28,300
Balance, December 31, 2022	**10,988,365**	**2,632,807**	**955,317**	**14,576,489**
Cash option payments	-	193,875	-	193,875
Personnel and consultants	182,330	-	-	182,330
Exploration management and support	30,451	-	-	30,451
Field office rent, storage and telecommunication	24,266	-	-	24,266
Travel and accommodation	6,961	-	-	6,961
Geological	441	-	-	441
Technical reports and special consulting	25,071	-	-	25,071
Vehicle costs and fuel	40,372	-	-	40,372
Security and equipment	150	-	-	150
Field equipment	18,046	-	-	18,046
Balance, March 31, 2023	**11,316,453**	**2,826,682**	**955,317**	**15,098,452**

Santa Fe, Nevada, USA
The Company holds a 100% beneficial interest in the Santa Fe project which is comprised of 290 unpatented mining claims, 67 unpatented millsite claims and 24 patented mining claims. The Santa Fe project is located 12 kilometres east of the town of Luning in Mineral County, Nevada, USA. A total of 46 of the Santa Fe project claims, including all patented claims, are subject to a 1.25% net smelter return ("NSR") royalty interest. The NSR royalty applies to all ore mineral, metals and materials produced from the claims after the first 67,886 ounces of gold and 147,157 ounces of silver.

On March 17, 2021 the Company entered into a property purchase agreement with Andoria Resources Pty Ltd. and its subsidiary Andoria Resources US Corp. with respect to 45 unpatented mining claims that now form part of the Santa Fe project. Consideration provided under the terms of the agreement consisted of 196,500 common shares of the Company issued upon closing of the transaction. These common shares were valued at CDN$0.30 per share for a total value of $47,280. Additionally, the Company assumed the obligations of a Mining Lease and Option to Purchase Agreement (the "MLOPA") with GenGold2 LLC relating to 15 of the property claims. Minimum cash payments payable to GenGold2 LLC under the terms of the MLOPA are as follows:

Minimum payment due date	Amount $
October 15, 2020 (paid by Andoria)	10,000
April 15, 2021 (paid by the Company)	15,000
October 15, 2021 (paid September 2021)	35,000
October 15, 2022 (paid October 2022)	50,000
October 15, 2023	75,000
October 15, 2024	100,000
October 15, 2025 and October 15 of each succeeding year	150,000

(expressed in United States dollars)

The claims are subject to a net smelter returns ("NSR") royalty of 2% when the average price of gold is less than $1,600 per ounce and 3% when the average price of gold is equal to or greater than $1,600 per ounce. Cumulative minimum cash payments made prior to commercial production are creditable against any NSR royalty obligation. The MLOPA also provides an option to acquire a 100% interest in the claims, subject to the NSR royalty, for a cash payment of $2,000,000. Both the minimum payment and option payment amounts are subject to adjustment for increases in the United States Consumer's Price Index.

Moho and Redlich, Nevada, USA Property Purchase Agreement
The Company acquired interests in the Moho and Redlich exploration property assets located in Nevada, USA through the reverse takeover transaction with Lahontan. Lahontan had previously acquired the properties from KA Gold LLC and its subsidiary Pyramid Gold (US) Corp. At the time of the reverse takeover transaction these properties had a cost of $2,585,056. Of this total cost, $1,856,523 was allocated to the Moho project interest and $728,533 was allocated to the Redlich project interest based on estimates of the relative fair values of each project. Both projects are subject to underlying option agreements providing rights to earn a 100% interest in each project. The Company has assumed the obligations under the terms of these option agreements. Details with respect to the Moho and Redlich projects and the related underlying option agreements are described below.

Moho, Nevada, USA
The Moho project is comprised of a total of 119 unpatented mining claims located in Mineral County, Nevada. Of this total, 9 claims are subject to the Moho Option Agreement dated May 26, 2017 with Nevada Select Royalty, Inc. ("Nevada Select", a wholly-owned subsidiary of Ely Gold Royalties Inc. ("Ely Gold"), since acquired by Gold Royalty Corp.); 50 claims are subject to the Mining Lease and Option to Purchase Agreement dated August 30, 2017 with Minquest Ltd. ("Minquest"); and, 60 claims are held directly, with 25 of these claims staked during 2021.

Moho Option Agreement, Ely Gold
The Moho Option Agreement provides an exclusive option to purchase a 100% interest in 9 claims forming part of the Moho project. On October 26, 2020, the Company issued common shares valued at $35,899 to Ely Gold in satisfaction of the third anniversary option payment of $25,000 (which had been extended until December 15, 2020) and for reimbursement of $10,899 of annual claim renewal fees for the Moho project. A final option payment of $150,000 was paid during August 2021. The Company is responsible for annual claim maintenance costs.

Following the final option payment and exercise of the option, Gold Royalty Corp. retains a 2.5% NSR royalty on the 9 claims. On the first three anniversaries of the option exercise, the Company would pay advance minimum royalty ("AMR") payments of $15,000 per year. On the fourth anniversary and each year thereafter, the Company would pay AMR payments of $25,000 annually. A total of $60,000 related to payments under the option agreement and 80% of all AMR payments made are creditable toward future production royalty amounts payable.

Additionally, the Moho Option Agreement defines an area-of-interest ("AOI") being a one-mile distance from the outermost perimeter of the 9 property claims. Any additional property claims added in the AOI are subject to a 2% NSR royalty (the "AOI Royalty"). Both the 50 claims subject to the Minquest option agreement and the 35 claims held directly by the Company fall within the AOI and are subject to the AOI Royalty. If a third party royalty exists on any of the AOI claims, the AOI Royalty would be reduced such that the total royalty burden does not exceed 3%. The Company has a right to buy-down 1% of the NSR royalty on the 9 claims along with 1% of the AOI Royalty for a total amount of $1,000,000.

Mining Lease and Option to Purchase Agreement, Minquest
The Mining Lease and Option to Purchase Agreement provides an exclusive option to purchase a 100% interest in 50 claims forming part of the Moho project. A total of $112,250 in minimum option payments, from execution of the agreement and including the final $35,000 option payment during September 2021, have previously been made. On October 3, 2022, the Company signed an amendment to the Mining Lease and Option to Purchase Agreement that provided an extension of the agreement to March 31, 2023 and amended the payments in order to exercise the option. A payment of $193,875 was made on November 3, 2022 as follows: (i) $129,875 in cash; and (ii) 800,000 common shares of the Company at a deemed value of $64,000. A final cash payment of $193,875 to exercise the option to purchase was paid during March 2023. Annual exploration work commitments of $50,000 per annum during the five-year term of the agreement were required and have been met based on expenditures completed to date. The Company is responsible for annual claim maintenance costs. Following exercise of the option, Minquest retains a 1.5% NSR royalty.

Redlich, Nevada, USA
The Redlich project is comprised of 73 unpatented mining claims located in Esmeralda County, Nevada that are subject to the Redlich Option Agreement dated May 26, 2017 with Nevada Select and Ely Gold. On October 26, 2020, the Company issued common shares valued at $38,464 to Ely Gold in satisfaction of the third anniversary option payment of $25,000 (which had been extended until December 15, 2020) and for reimbursement of $13,464 of annual claim renewal fees for the Redlich project. A final option payment of $150,000 was paid during August 2021. The Company is responsible for annual claim maintenance costs.

Following the final option payment and exercise of the option, Gold Royalty Corp. would retain a 2.5% NSR royalty. On the first three anniversaries of the option exercise, the Company would pay advance minimum royalty ("AMR") payments of $15,000 per year. On the fourth anniversary and each year thereafter, the Company would pay AMR payments of $25,000 annually. A total of $60,000 related to payments under the option agreement and 80% of all AMR payments made are creditable toward future production royalty amounts payable. The Company has a right to buy-down 1% of the NSR royalty for $1,000,000.

(expressed in United States dollars)

8. Asset retirement obligation

Reclamation costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation activities. Reclamation costs are capitalized to mineral properties dependent on the nature of the asset related to the obligation. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company's reclamation performance obligation can be found in Note 6. The Company's asset retirement obligation arises from its obligation to undertake site reclamation and remediation in connection with the Santa Fe, Moho and Redlich projects.

The estimated costs of reclamation are based on current regulatory requirements using prescribed third-party contractor rates with a 10% contingency. The estimated asset retirement obligation liability at the reporting date utilizes the following assumptions: (i) total undiscounted amount of inflation adjusted future reclamation costs at March 31, 2023 was $397,249 (December 31, 2022 - $397,249); (ii) weighted average risk-free interest rate of 1.7% (December 31, 2022 - 1.7%) and a long-term inflation rate of 2.0% (December 31, 2022 - 2.0%); and (iii) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2029. The Company's asset retirement obligation is as follows:

	$
Balance, December 31, 2021	357,223
Accretion of asset retirement obligation	6,000
Balance, December 31, 2022	363,223
Accretion of asset retirement obligation	1,500
Balance, March 31, 2023	364,723

9. Capital stock

Authorized
The Company is authorized to issue an unlimited number of common shares, having no par value; and, an unlimited number of special shares, issuable in series.

Issued
Share issuances during fiscal 2023
On February 28, 2023 and March 8, 2023, the Company closed a private placement financing issuing a total of 28,312,400 units at CDN$0.11 per unit for gross proceeds of $2,291,411 (CDN$3,114,364). Each unit consisted of one common share of the Company and one-half common share purchase warrant with a total of 14,156,200 warrants issued. Each whole warrant issued entitles the holder to purchase one common share of the Company at a price of CDN$0.18 per share until February 28, 2026. These warrants were valued at $488,478. In connection with the private placement, the Company paid Beacon Securities Limited ("Beacon") as lead agent and sole bookrunner, and Canaccord Genuity Corp. (together with Beacon, the "Agents"), cash commissions of $142,384 (CDN$193,514) and an aggregate of 1,750,168 finders' warrants. Each finders' warrant entitles the Agents to acquire one common share of the Company at a price of CDN$0.11 until February 28, 2026. These finders' warrants were valued at $76,750.

Share issuances during fiscal 2022
On March 24, 2022 in connection with its public listing application and the Amalgamation, the Company entered into an agreement (the "Agency Agreement") with Beacon Securities Inc. as lead agent, on behalf of a syndicate of agents, (the "Agents") in connection with a best-efforts private placement of 8,888,889 subscription receipts (the "Subscription Receipts") at a price of CDN$0.45 per Subscription Receipt for gross proceeds of $3,201,050 (CDN$4,000,000) (the "Offering"). The Offering was closed on March 24, 2022 with the gross proceeds less certain commissions and expenses of the Agents placed in escrow.

On April 5, 2022, all applicable escrow release conditions were satisfied and the Subscription Receipts were converted into 8,888,889 common shares and 4,444,444 common share purchase warrants of the Company. Each warrant entitles the holder to acquire one common share at an exercise price of CDN$0.65 per common share until April 5, 2024. These warrants were valued at $642,542. In connection with the Offering, the Agents and certain eligible finders received cash fees of $154,595 (CDN$193,181) and were issued a total of 429,291 broker warrants. Each broker warrant is exercisable for one common share having the same features as the Subscription Receipts until April 5, 2024. These broker warrants were valued at $62,063.

On April 5, 2022, in connection with the Amalgamation transaction with 765 BC, the Company issued 1,111,111 common shares to the shareholders of 765 BC. These common shares were valued at $320,000.

On November 3, 2022, in connection with the Minquest amended Mining Lease and Option to Purchase Agreement (see note 7), the Company issued 800,000 common shares valued at $38,154.

Warrants
During February and March 2023, the Company issued 14,156,200 warrants and 1,750,168 finders' warrants in connection with a private placement.

On April 5, 2022, the Company issued 4,444,444 warrants and 429,291 broker warrants in connection with the Subscription Receipts financing. During July 2021, the Company issued a total of 7,311,734 warrants and 575,304 broker warrants in connection with a private placement financing. On October 26, 2022, 528,325 warrants with an exercise price of CDN$0.30 expired.

(expressed in United States dollars)

As at March 31, 2023, details with respect to outstanding warrants are as follows:

Number	Exercise price CDN$	Expiry
1,750,168	0.11	February 28, 2026
14,156,200	0.18	February 28, 2026
413,361	0.35	July 12, 2023
161,943	0.35	July 22, 2023
5,623,513	0.40	July 12, 2023
1,688,221	0.40	July 22, 2023
4,873,735	0.65	April 5, 2024
28,667,141	0.32	

The fair value of warrants has been estimated using the Black-Scholes option pricing model at the grant date and this value has been presented as a separate component of shareholders' equity. The Company has determined expected volatility related to analysis of comparable companies in the mineral exploration sector. The assumptions used for the valuation of warrants during fiscal 2023 and 2022 are as follows:

	2023	2022
Expected life in years	3.0	2.0
Expected volatility	114%	112%
Risk-free interest rate	4.01%	2.50%
Dividend yield	Nil	Nil

Stock options

In connection with the Amalgamation with 765 BC, the Company's board of directors approved a new stock option plan which is a 10% rolling plan (the "Plan") under which the maximum number of stock options issuable under the Plan is equal to 10% of the Company's outstanding common shares from time to time. Eligible participants in the Plan include directors, officers, employees and consultants to the Company. Stock option exercise prices, vesting periods and the term to expiry are determined by the board of directors at the time of grant. The Plan replaced the private company stock option plan which was approved on August 15, 2020 by the Company's board of directors. In connection with the Amalgamation and public listing transaction with 765 BC, all previously outstanding stock options were replaced with Resulting Issuer stock options.

On March 16, 2023, the board of directors of the Company approved the grant of 2,925,000 stock options to directors, officers and consultants. These stock options are exercisable at CDN$0.18; expire March 16, 2028; and were immediately vested. On April 8, 2022, the board of directors of the Company granted 3,950,000 stock options to directors, officers and consultants. These stock options are exercisable at CDN$0.45 per stock option; expire April 8, 2027; and were immediately vested.

Activity with respect to stock options is summarized as follows:

	Number	Weighted-average exercise price CDN $	Expiry
Balance, December 2021	5,950,000	0.30	October 2025
Granted	3,950,000	0.45	April 2027
Forfeited	(650,000)	0.30	October 2025
Balance, December 31, 2022	9,250,000	0.36	October 2025 to April 2027
Granted	2,925,000	0.18	March 2028
Balance, March 31, 2023	12,175,000	0.28	October 2025 to March 2028

As at March 31, 2023 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price CDN$	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	Expiry
0.18	2,925,000	5.0	2,925,000	5.0	March 18, 2028
0.30	5,300,000	2.6	5,300,000	2.6	October 22, 2025
0.45	3,950,000	4.0	3,950,000	4.0	April 8, 2027
	12,175,000	3.6	12,175,000	3.6	

(expressed in United States dollars)

During the three month period end March 31, 2023, the Company recorded a total value of $297,000 (three month period ended March 31, 2022 - $nil) with respect to stock options. A total of $250,419 was recorded in share based compensation expense related to stock options and $46,581 was capitalised to exploration and evaluation assets. Share based compensation amounts are included in shareholders' equity as contributed surplus and are included in share based compensation expense in the statement of operations and comprehensive loss or capitalised to exploration and evaluation assets. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2023 and 2022, utilized the following assumptions and values:

	2023	2022
Expected volatility	118%	112%
Expected option life (in years)	5.0	5.0
Risk-free interest rate	2.77%	2.50%
Expected dividend yield	Nil	Nil
Weighted-average exercise price	CDN$0.18	CDN$0.45
Weighted-average market price at grant date	CDN$0.17	CDN$0.36
Weighted-average fair value	CDN$0.14	CDN$0.28

The Company determined expected volatility related to analysis of comparable companies in the mineral exploration sector.

10. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Vice President, Exploration, Chief Financial Officer, Corporate Secretary and Directors. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Management fees	106,002	102,168
Share based compensation	266,538	-
	372,541	102,168

As at March 31, 2023, a total of $9,111 (December 31, 2022 - $2,462) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations and expenses. In addition to the above, a company controlled by the Company's Chief Executive Officer and Vice President, Exploration, charged the Company for services related to exploration personnel costs, field vehicles and equipment, field office rent and utilities and related field office expenses in the amount of $52,078 during the three month period ended March 31, 2023 (three months ended March 31, 2022 - $53,962). A company controlled by the Company's Chief Financial Officer also provides bookkeeping, accounting and administration services to the Company. For the three months period ended March 31, 2023, a total of $2,650 (three months ended March 31, 2022 - $2,422) was charged for these services. For the three month period ended March 31, 2023, under the terms of a service contract with the Company's Chief Executive Officer, the Company reimbursed $7,325 (three months ended March 31, 2022 - $7,325) for medical insurance coverage.

The Company has management service agreements with each of its Chief Executive Officer, Chief Financial Officer and Vice President, Exploration which provide for payments upon termination in certain circumstances. With respect to termination without cause, the Chief Executive Officer and Vice President, Exploration would be entitled to a payment equal to one year's compensation and the Chief Financial Officer would be entitled to a payment equal to three month's compensation. The service agreements also provide that under certain conditions, including a change in control of the Company, that the Chief Executive Officer and Vice President, Exploration would be entitled to a payment equivalent to two year's compensation and the Chief Financial Officer would be entitled to a payment equal to one year's compensation.

11. Financial instruments and risk management

As at March 31, 2023, the Company's financial instruments include cash and cash equivalents, reclamation deposits and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values. The Company examines the various financial risks to which it may be exposed and assesses the impact and likelihood of those risks. The Company may be exposed to various financial risks related to credit risk, liquidity risk and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors of the Company.

Credit risk
Financial instruments that potentially subject the Company to concentrations of credit risk consists of cash and cash equivalents and reclamation deposits. The Company's cash is held at major Canadian and United States financial institutions. The Company's reclamation deposits are supported by non-interest bearing cash deposits held with US governmental agencies representing the state of Nevada. The maximum exposure to credit risk is equivalent to the carrying amount. As at March 31, 2023, the Company does not consider any of its financial assets to be impaired.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at March 31, 2023, the Company's liabilities included accounts payable and accrued liabilities of $98,848 all of which are due within normal trade terms of generally 30 days (see note 1, going concern).

(expressed in United States dollars)

Currency risk
The Company's cash is held in Canadian dollar and United States dollar accounts. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the United States dollar. As at March 31, 2023, the Company held cash in United States dollars of $37,056. The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

All of the Company's cash based operating expenses were denominated in the relevant functional currency; therefore, operating costs were not affected by exchange rate changes during the years presented in these financial statements. The Company's property and exploration costs are primarily denominated in United States dollars.

Interest rate risk
As at March 31, 2023, the Company does not have any obligations that bear fixed interest rates. The Company is therefore not exposed to the risk of changes in fair value resulting from interest rate fluctuations.

12. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's reclamation deposits and exploration and evaluation assets all relate to the Company's property interests located in Nevada, USA.

13. Capital management

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs (see note 1, going concern).

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Exploration expenditures included in accounts payable and accrued liabilities	9,611	68,036
Stock option compensation charge capitalised to exploration and evaluation assets	46,581	-

15. Subsequent events

Signing of binding term sheet to acquire Santa Fe West project
On May 15, 2023, the Company announced that it had signed a binding term sheet (the “Term Sheet”) with a wholly-owned subsidiary of Emergent Metals Corp. (collectively, “Emergent”) to acquire the advanced stage West Santa Fe gold-silver exploration project (“West Santa Fe”) located 15 kilometres west of the Company’s Santa Fe project. The Term Sheet defines the terms and conditions under which the Company and Emergent will enter into a definitive agreement (the “Agreement”), pursuant to which the Company will be granted an option (the “Option”) to acquire a 100% interest in the 11.8 square kilometre West Santa Fe property.

The Term Sheet requires the Company to make payments totalling $1.8 million over a seven-year period, as follows: $10,000 upon signing of the Term Sheet (paid in May 2023); $20,000 on the first anniversary of the Agreement; $25,000 on each of the second and third anniversaries; $30,000 on each of the fourth and fifth anniversaries; $40,000 on the sixth anniversary and $1,620,000 on the seventh anniversary of the Agreement. At the Company's discretion, 50% of the annual option payments can be made in common shares of the Company.

In addition, the Company shall incur $1,400,000 of exploration costs on West Santa Fe as follows:

Work commitment due date	Amount $
December 31, 2024	150,000
December 31, 2025	150,000
December 31, 2026	200,000
December 31, 2027	200,000
December 31, 2028	200,000
December 31, 2029	250,000
Seventh anniversary of signing the Agreement	250,000

(expressed in United States dollars)

Any excess expenditures, in any year, under the work commitments scheduled above, can be credited against subsequent work commitment expenditures in a future year.

Upon exercise of the Option, Emergent shall transfer 100% of its interest in the mineral claims to the Company within 30 days. As part of the transfer, the Company will grant a 1% net smelter return (NSR) royalty in favor of Emergent over the claims it acquired from Nevada Sunrise LLC. In addition, the Company will grant a 1.5% NSR royalty in favor of Emergent for any additional claims not currently having a NSR royalty. The Company will have the right to purchase 50% of this 1.5% NSR royalty for $200,000 prior to the fifth anniversary of signing the Agreement or for $500,000 after the fifth anniversary of signing the Agreement. The maximum NSR royalty on any portion of the West Santa Fe Project will be 1.5%.

The completion of the transaction contemplated by the Term Sheet remains subject to a forty-five (45) day due diligence period, approval of the board of directors of the Company, the board of directors of Emergent, the approval of all regulatory authorities and other approvals, including the approval of the TSX Venture Exchange.