NuLegacy Gold
CORPORATION

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note		December 31, 2022		March 31, 2022
			(unaudited)		
Assets					
Current assets					
Cash		**$**	**2,464,534**	$	5,174,535
Receivables			**8,507**		23,921
Prepaid expenses			**106,055**		61,238
Investments	3		**7,305**		35,171
			2,586,401		5,294,865
Non-current assets					
Deposits	4		**918,518**		847,624
Fixed assets	5		**128,508**		177,423
Exploration and evaluation assets	6, 8		**43,486,050**		41,615,821
		$	**47,119,477**	$	47,935,733
Liabilities and Shareholders' Equity					
Current liabilities					
Trade and other payables	7	**$**	**76,673**	$	169,891
Shareholders' Equity					
Share capital	9		**58,621,966**		58,621,966
Warrants reserve	9		**14,670,145**		14,670,145
Share options reserve	9		**8,808,252**		8,450,834
Revaluation reserve			**(3,292,493)**		(3,264,627)
Accumulated deficit			**(31,765,066)**		(30,712,476)
			47,042,804		47,765,842
		$	**47,119,477**	$	47,935,733

Corporate Information and Going Concern (Note 1)

Approved by the Board of Directors on February 27, 2023

"Alex Davidson" Director — *"Albert Matter"* Director

Alex Davidson — Albert Matter

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian dollars)

		Three months ended December 31,		Nine months ended December 31,	
	Note	**2022**	**2021**	**2022**	**2021**
Operating expenses					
Consulting	8	**$ 12,000**	$ 37,803	**$ 79,280**	$ 163,647
Depreciation	5	**14,732**	30,247	**51,681**	100,768
Directors' fees	8	**4,000**	11,332	**19,000**	41,332
Insurance		**10,045**	16,532	**42,935**	44,322
Investor relations		**-**	15,339	**9,632**	26,537
Management fees	8	**56,209**	64,900	**279,828**	379,100
Office and administration	8	**61,169**	71,688	**263,389**	259,594
Professional fees	8	**5,784**	15,009	**122,128**	60,779
Regulatory and transfer agent		**22,870**	28,689	**59,270**	68,924
Rent		**23,465**	27,824	**71,678**	83,292
Share-based payments	8, 9	**27,909**	126,778	**357,418**	588,590
Travel and accommodation		**5,473**	6,529	**60,747**	13,528
		243,656	452,670	**1,416,986**	1,830,413
Other items					
Foreign exchange gain (loss)		**(55,731)**	(1,812)	**364,333**	(56,167)
Interest income		**27**	2	**63**	92
Gain (loss_ on sales of assets		**-**	9,371	**-**	(2,893)
		(55,704)	7,561	**364,396**	(58,968)
Net loss for the period		**(299,360)**	(445,109)	**(1,052,590)**	(1,889,381)
Other comprehensive loss					
Net change in fair value of available-for-sale financial assets	3	**(24,753)**	(2,447)	**(27,866)**	(48,913)
Comprehensive loss for the period		**$ (324,113)**	$ (447,556)	**$ (1,080,456)**	$ (1,938,294)
Basic and diluted loss per share					
Net loss for the period	9	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Comprehensive loss for the period		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding		**588,852,453**	588,852,453	**588,852,453**	588,852,453

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian dollars)

	Nine months ended December 31,	
	2022	**2021**
Operating activities		
Net loss for the period	**$ (1,052,590)**	$ (1,889,381)
Items not affecting cash		
Depreciation	**51,681**	100,768
Share-based payments	**357,418**	588,590
Unrealized losses (gains)	**(306,772)**	1,098
Loss on sales of fixed assets	**-**	2,893
Changes in non-cash working capital		
Receivables	**15,414**	35,141
Prepaid expenses and deposits	**(44,817)**	(55,056)
Trade and other payables	**(110,230)**	(620,377)
Total cash outflows from operating activities	**(1,089,896)**	(1,836,324)
Investing activities		
Deposits	**-**	(258,186)
Purchase of fixed assets	**(2,766)**	(23,805)
Exploration and evaluation asset expenditures	**(1,853,217)**	(8,050,602)
Proceeds from sales of fixed assets	**-**	105,962
Effect on cash of foreign exchange	**235,878**	-
Total cash outflows from investing activities	**(1,620,105)**	(8,226,631)
Net change in cash	**(2,710,001)**	(10,062,955)
Cash, beginning of period	**5,174,535**	15,675,502
Cash, end of period	**$ 2,464,534**	$ 5,612,547
Other non-cash items		
Change in fair market value of available-for-sale financial assets	**$ 27,866**	$ 48,913
Exploration and evaluation assets in trade and other payables	**$ 17,012**	$ 40,287
Supplementary disclosure		
Interest received	**$ 63**	$ 90

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

NULEGACY GOLD CORPORATION
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital $	Warrants reserve $	Share options reserve $	Revaluation reserve $	Accumulated deficit $	Total $
Balance, March 31, 2021	**588,852,453**	**58,621,966**	**14,670,145**	**7,631,045**	**(3,211,806)**	**(28,143,893)**	**49,567,457**
Share-based payments	-	-	-	588,590	-	-	588,590
Net loss and comprehensive loss for the period	-	-	-	-	(48,913)	(1,889,381)	(1,938,294)
Balance, December 31, 2021	**588,852,453**	**58,621,966**	**14,670,145**	**8,219,635**	**(3,260,719)**	**(30,033,274)**	**48,217,753**
Share-based payments	-	-	-	231,199	-	-	231,199
Net loss and comprehensive loss for the period	-	-	-	-	(3,908)	(679,202)	(683,110)
Balance, March 31, 2022	**588,852,453**	**58,621,966**	**14,670,145**	**8,450,834**	**(3,264,627)**	**(30,712,476)**	**47,765,842**
Share-based payments	-	-	-	357,418	-	-	357,418
Net loss and comprehensive loss for the period	-	-	-	-	(27,866)	(1,052,590)	(1,080,456)
Balance, December 31, 2022	**588,852,453**	**58,621,966**	**14,670,145**	**8,808,252**	**(3,292,493)**	**(31,765,066)**	**47,042,804**

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

1. CORPORATE INFORMATION AND GOING CONCERN

Corporate information

NuLegacy Gold Corporation (the "Company") is a publicly listed entity on the TSX Venture Exchange and incorporated under the laws of the province of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, United States ("US").

The head office, principal address and records office of the Company are located at 1055 West Hastings Street, Suite 300, Vancouver, British Columbia, Canada, V6E 2E9.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Going concern

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. The Company believes it has sufficient working capital to maintain operations for the next twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

(a) Statement of compliance

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

These condensed interim consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the Board of Directors on February 27, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash and other financial instruments classified as fair value through profit or loss and available-for-sale that have been measured at fair value at the reporting date. The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements as at March 31, 2022 and for the year then ended, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from April 1, 2022. These amendments did not have a significant impact on the Company's condensed interim consolidated financial statements.

The Company's interim results are not necessarily indicative of its results for a full year.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements as at March 31, 2022 and for the year then ended.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which was incorporated in Nevada, USA. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based compensation and income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgments, estimates and assumptions (continued)

Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the condensed interim consolidated financial statements are as follows:

i) Economic recoverability and probability of future economic benefits of exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Valuation of share-based payments and warrants:

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation and for the valuation of warrants. 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 share option reserves.

ii) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the condensed interim consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(e) Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

(Unaudited – Expressed in Canadian dollars)

3. INVESTMENTS

The fair value of the Global Resources Investment Ltd. ("GRIT") common shares as at December 31, 2022 was $7,305 (March 31, 2022 - $35,171). During the nine months ended December 31, 2022, the Company recorded a revaluation reserve loss on the investment of $27,866 (2021 - $45,345) and an unrealized foreign exchange loss of $221 (2021 - $1,121).

There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

4. DEPOSITS

	December 31, 2022	March 31, 2022
Credit card collateral	$ 62,277	$ 60,366
Reclamation bonds	850,926	782,413
Security deposits	5,315	4,845
	$ 918,518	$ 847,624

5. FIXED ASSETS

	Computers $	Vehicles $	Equipment $	Leasehold improvements $	Total $
Cost					
As at March 31, 2021	283,040	387,279	124,211	29,509	824,039
Additions	30,593	-	-	-	30,593
Disposals	-	(234,554)	(7,911)	-	(242,465)
As at March 31, 2022	313,633	152,725	116,300	29,509	612,167
Additions	2,766	-	-	-	2,766
As at December 31, 2022	**316,399**	**152,725**	**116,300**	**29,509**	**614,933**
Accumulated depreciation					
As at March 31, 2021	237,660	95,603	48,240	22,132	403,635
Disposals	-	(89,199)	(6,197)	-	(95,396)
Charge for the year	40,327	56,093	24,183	5,902	126,505
As at March 31, 2022	277,987	62,497	66,226	28,034	434,744
Charge for the period	20,237	18,026	11,943	1,475	51,681
As at December 31, 2022	**298,224**	**80,523**	**78,169**	**29,509**	**486,425**
Net book value					
As at March 31, 2022	35,646	90,228	50,074	1,475	177,423
As at December 31, 2022	**18,175**	**72,202**	**38,131**	**-**	**128,508**

(Unaudited – Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Red Hill Properties			
	Iceberg Property $	**Wilson Property $**	**Coal Canyon $**	**Total $**
Balance, March 31, 2021	31,255,282	2,009,587	51,487	33,316,356
Additions				
Assays	561,234	-	-	561,234
Drilling	6,037,634	-	-	6,037,634
Geological consulting and salaries	991,063	-	-	991,063
Miscellaneous	140,043	-	-	140,043
Property maintenance	186,013	128,059	14,463	328,535
Travel and vehicle	240,956	-	-	240,956
Total additions	8,156,943	128,059	14,463	8,299,465
Balance, March 31, 2022	39,412,225	2,137,646	65,950	41,615,821
Additions				
Assays	99,180	-	-	99,180
Drilling	846,680	-	-	846,680
Geological consulting and salaries	468,445	-	-	468,445
Miscellaneous	86,724	-	-	86,724
Property maintenance	186,219	108,860	14,600	309,679
Travel and vehicle	59,521	-	-	59,521
Total additions	1,746,769	108,860	14,600	1,870,229
Balance, December 31, 2022	**41,158,994**	**2,246,506**	**80,550**	**43,486,050**

Eureka County, Nevada

Iceberg Property:

On September 16, 2010 and amended on August 23, 2012, the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Corporation ("Barrick") a 70% undivided interest in 818 unpatented mining claims in the Iceberg Property located in Eureka County, Nevada, USA. Under the amended agreement, the Company had to incur a minimum of US$5,000,000 in exploration or development expenditures on the Iceberg Property (inclusive of maintenance fees) by December 31, 2015. In September 2015, the Company completed this US$5,000,000 expenditure requirement and earned its 70% undivided interest in the property.

In February 2016, the Company entered into an exchange agreement with Barrick to acquire their 30% interest in the property. Pursuant to the terms of the exchange agreement, the Company issued 32,000,000 common shares to Barrick and granted a 2% net profits interest royalty from commercial production on the property. As a result of this transaction, the Company increased its working interest in the Iceberg Property to 100%.

Wilson Property:

On October 18, 2010, the Company entered into a mining lease (the "Lease") with Idaho Resources Corp. ("Idaho"), in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho property, which consists of 482 unpatented mining claims.

(Unaudited – Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

On November 7, 2012 and amended in January 2016, the Company entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, the Company must make the following annual advance royalty payments:

- $75,000 of annual payments and issue 200,000 shares prior to execution of the restated mining lease (paid and issued);
- $25,000 payment and issue 100,000 shares on January 1, 2014 and January 1, 2015 (paid and issued); and
- $12,500 payment on January 1, April 1, July 1 and October 1 of all succeeding years (paid for the 2017 calendar year).

On July 9, 2017, the Company amended the agreement with Idaho. The quarterly payments of $12,500 due each year have been replaced with one annual payment of $15,000 due on January 1 of each year commencing on January 1, 2018. The amendment also includes a minimum exploration or development expenditure requirement of $150,000 each calendar year commencing in 2018 and in all succeeding calendar years until commercial production commences.

After an initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

Coal Canyon:

Sixty-four lode mining claims (5.1 square kilometres) contiguous to the western margin of the Vio area were staked on September 1, 2018 to control a highly prospective area. This brings the Red Hill land holding to a total of 108 square kilometres. The Coal Canyon claims contain both Carlin-type and epithermal-type targets.

7. TRADE AND OTHER PAYABLES

		December 31, 2022		**March 31, 2022**
Trade payables and accruals	$	76,673	$	73,200
Related party payables		-		96,691
	$	76,673	$	169,891

8. RELATED PARTY TRANSACTIONS

Key management personnel include directors and officers that provide management and consulting services to the Company. Remuneration of key management personnel during the nine months ended December 31, 2022 and 2021 was as follows:

		December 31, 2022		**December 31, 2021**
Consulting fees	$	67,625	$	127,871
Directors' fees		19,000		41,332
Exploration and evaluation assets		37,912		20,607
Management fees		253,620		378,460
Office		10,800		10,800
Professional fees		77,858		39,094
Share-based payments		227,554		352,421
	$	694,369	$	970,585

(Unaudited – Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

9. SHARE CAPITAL AND RESERVES

(a) Authorized share capital

Unlimited number of common shares without par value

(b) Issued share capital

There were no shares issued during the nine months ended December 31, 2022 or year ended March 31, 2022.

(c) Warrants

A summary of the warrant activities is as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2021 and 2022	193,432,988	$ 0.16
Expired	(90,622,828)	$ 0.12
Balance, December 31, 2022	102,810,160	$ 0.20

The following share purchase warrants were outstanding as at December 31, 2022:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
January 19, 2024	102,810,160	$ 0.20	1.80

The weighted average life of the warrants outstanding at December 31, 2022 is 1.80 (March 31, 2022 - 1.37) years.

(d) Stock options

The Company has a fixed stock-based compensation plan providing for the grant of stock options to purchase a maximum of 45,000,000 common shares to eligible recipients.

During the nine months ended December 31, 2022:

During the nine months ended December 31, 2022, the Company granted 2,025,000 stock options exercisable at $0.05 per share to employees, directors and consultants of the Company. The fair value to these stock options was $94,174 using the Black-Scholes option pricing model, of which $90,732 was expensed during the period.

(Unaudited – Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES (continued)

(d) Stock options (continued)

During the year ended March 31, 2022:

In March 2022, the Company granted 9,320,000 stock options exercisable at $0.05 per share to employees, directors and consultants of the Company. The fair value to these stock options was $315,470 using the Black-Scholes option pricing model, of which $93,815 was expensed during the year.

In March 2022, the Company granted 750,000 stock options exercisable at $0.05 per share to employees, directors and consultants of the Company. The fair value to these stock options was $32,396 using the Black-Scholes option pricing model, of which $9,634 was expensed during the year.

In March 2022, the Company amended 1,180,000 stock options. The option exercise price was changed from $0.235 per share to $0.05 per share and the expiry date was changed from September 13, 2022 to March 14, 2027. The incremental fair value attributable to the amendment of these stock options was $30,632 using the Black-Scholes option pricing model, all of which was expensed during the year.

In March 2022, the Company amended 500,000 stock options. The option exercise price was changed from $0.235 per share to $0.05 per share and the expiry date was changed from November 18, 2022 to March 14, 2027. The incremental fair value attributable to the amendment of these stock options was $12,979 using the Black-Scholes option pricing model, all of which was expensed during the year.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with a range of assumptions for grants as follows for the nine months ended December 31, 2022 and year ended March 31, 2022:

	December 31, 2022	**March 31, 2022**
Risk-free interest rate	1.40%	1.71%-2.47%
Expected life	5	5
Annualized volatility	131.93%-138.60%	129.99%-130.42%
Dividend rate	-	-
Grant date fair value	$0.05-$0.06	$0.04-$0.05

A summary of the stock option activities is as follows:

	Number of options	**Weighted average exercise price**	
Balance, March 31, 2021	42,775,000	$	0.18
Granted	10,070,000	$	0.05
Expired	(6,920,000)	$	0.31
Forfeited	(3,975,000)	$	0.17
Balance, March 31, 2022	41,950,000	$	0.12
Granted	2,025,000	$	0.05
Expired	(6,725,000)	$	0.24
Cancelled/Forfeited	(3,950,000)	$	0.12
Balance, December 31, 2022	33,300,000	$	0.09

(Unaudited – Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES (continued)

(d) Stock options (continued)

The following table summarizes information about the options outstanding and exercisable as at December 31, 2022:

Expiry date	Options outstanding	Options exercisable		Exercise price	Remaining contractual life (years)
February 12, 2023	200,000	200,000	$	0.20	0.12
May 8, 2023	750,000	750,000	$	0.20	0.35
June 1, 2023	600,000	600,000	$	0.20	0.42
August 19, 2024	4,400,000	4,075,000	$	0.10	1.64
October 11, 2024	1,000,000	1,000,000	$	0.10	1.78
January 15, 2025	375,000	375,000	$	0.10	2.05
April 14, 2025	5,575,000	5,075,000	$	0.10	2.29
May 12, 2025	1,500,000	1,500,000	$	0.10	2.37
June 15, 2025	225,000	180,000	$	0.10	2.46
November 16, 2025	250,000	250,000	$	0.15	2.88
February 8, 2026	5,750,000	4,256,250	$	0.15	3.11
March 14, 2027	10,750,000	10,750,000	$	0.05	4.21
April 11, 2027	350,000	350,000	$	0.05	4.28
April 26, 2027	1,075,000	1,075,500	$	0.05	4.32
May 27, 2027	500,000	250,000	$	0.06	4.41
	33,300,000	30,686,750	$	0.09	2.98

The weighted average life of stock options outstanding as at December 31, 2022 is 2.98 (March 31, 2022 - 3.10) years.

(e) Loss per share

The effect of dilutive securities, including options and warrants, has not been shown, as the effect of all such securities is anti-dilutive.

10. SEGMENTED INFORMATION

Operating segment

The Company operates in one operating segment, which is mineral exploration in the US.

Geographic segments

The Company operates in two geographic segments: Canada and the US.

		December 31, 2022		March 31, 2022
Non-current assets				
Canada	$	70,362	$	53,655
United States		44,462,714		42,587,213
	$	44,533,076	$	42,640,868

(Unaudited – Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value

The Company has the following financial instruments carried at fair value:

Financial assets	**Financial instrument classification**	**December 31, 2022**	**March 31, 2022**
GRIT common shares	Fair value through other comprehensive income	$ 7,305	$ 35,171

(b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments that are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value that are not observable, either directly or indirectly.
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value use Level 1 valuation techniques in each period, being the closing bid price of the shares, as quoted on a public exchange, or, where not quoted, as determined by the share of fair values of the underlying net assets of the investee.

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at December 31, 2022:

	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
GRIT common shares	$ 7,305	$ -	$ -	$ 7,305

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2022:

	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
GRIT common shares	$ 35,171	$ -	$ -	$ 35,171

There were no transfers between levels of the fair value hierarchy during the nine months ended December 31, 2022 and year ended March 31, 2022.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Fair value hierarchy (continued)

The aggregate fair value of investments with unrealized losses is:

		Fair value		Unrealized loss
As at December 31, 2022				
GRIT common shares	$	7,305	$	(27,866)
As at March 31, 2022				
GRIT common shares	$	35,171	$	(52,821)

(c) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these condensed interim consolidated financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the Company's financial liabilities mature within one year.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

(iv) Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business outside of Canada. As such, it is subject to risk due to fluctuations in the exchange rates for the US dollar and euros.

As at December 31, 2022, the Company has cash denominated in US dollars of $1,643,007 (March 31, 2022 - $4,013,516), deposits in US dollars of $659,022 (March 31, 2022 - $649,131) and trade and other payables in US dollars of $41,689 (March 31, 2022 - $40,172). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately US$17,000 (March 31, 2022 - US$46,000). The Company does not currently hold any financial instruments in euros.

In addition, the Company holds an investment that is denominated in British pounds ("£"). As such, it is subject to fluctuations in the exchange rate for the Canadian dollar and British pound. As at December 31, 2022, the Company has a fair value through other comprehensive income investment denominated in British pounds of £4,475 (March 31, 2022 - £21,424). Each 1% change in the Canadian dollar versus the British pound will result in a gain/loss of approximately $45 (March 31, 2022 - $350).

(v) Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments.

The equity price risk associated with the Company's current available-for-sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at December 31, 2022, the Company owned 190,432 GRIT common shares after a 10:1 share consolidation in January 2022 (March 31, 2022 - 190,432) with each common share valued at £0.0235 or $0.038 (March 31, 2022 - £0.11 or $0.18). Each £0.01 change in the value per common share will result in a gain/loss of approximately £1,904 or $2,856 (March 31, 2022 - £1,904 or $3,126).

12. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's capital management policy is to maintain a strong, but flexible, capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $47,042,804 (March 31, 2022 - $47,765,842). In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above.

There were no changes to the Company's approach to capital management during the nine months ended December 31, 2022.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company granted incentive stock options to certain key employees, officers and consultants of the Company to purchase up to an aggregate of 9,500,000 common shares at a price of $0.05 per share exercisable for a period of three years, subject to vesting requirements.

14. COVID-19

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. Efforts to contain the virus have severely limited the mobility of people and businesses. While the health and safety of our employees, contractors and community at large remain a high priority, it is not possible at this time for the Company to predict the duration or magnitude of the impact of the pandemic towards the Company's business or results from its operations.