NuLegacy Gold
CORPORATION

Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian dollars)

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

	Note		June 30, 2023		March 31, 2023
			(unaudited)		**(audited)**
Assets					
Current assets					
Cash		**$**	**1,312,758**	$	1,977,196
Receivables			**12,623**		11,186
Prepaid expenses			**100,075**		98,915
Investments	3		**4,349**		5,176
			1,429,805		2,092,473
Non-current assets					
Deposits	4		**899,219**		918,300
Fixed assets	5		**112,849**		116,855
Exploration and evaluation assets	6, 8		**43,797,974**		43,658,878
		$	**46,239,847**	$	46,786,506
Liabilities and Shareholders' Equity					
Current liabilities					
Trade and other payables	7	**$**	**91,494**	$	166,365
Shareholders' Equity					
Share capital	9		**58,621,966**		58,621,966
Warrants reserve	9		**14,670,145**		14,670,145
Share options reserve	9		**8,897,920**		8,827,934
Revaluation reserve			**(3,295,449)**		(3,294,622)
Accumulated deficit			**(32,746,229)**		(32,205,282)
			46,148,353		46,620,141
		$	**46,239,847**	$	46,786,506

Corporate Information and Going Concern (Note 1)

Approved by the Board of Directors on August 28, 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 June 30,	
	Note	**2023**	**2022**
Operating expenses			
Consulting	8	**$ 23,405**	$ 33,185
Depreciation	5	**12,555**	21,452
Directors' fees	8	**7,501**	7,500
Insurance		**13,829**	14,659
Investor relations		**7,493**	9,631
Management fees	8	**60,000**	163,620
Office and administration	8	**215,794**	123,983
Professional fees	8	**37,857**	61,402
Regulatory and transfer agent		**12,937**	12,355
Rent		**26,117**	24,759
Share-based payments	8, 9	**69,986**	213,313
Travel and accommodation		**5,097**	26,281
		(492,571)	(712,140)
Other items			
Foreign exchange loss		**(50,102)**	(4,390)
Interest income		**1,726**	-
		(48,376)	(4,390)
Net loss for the period		**(540,947)**	(716,530)
Other comprehensive loss			
Net change in fair value of available-for-sale financial assets	3	**(827)**	(1,754)
Comprehensive loss for the period		**$ (541,774)**	$ (718,284)
Basic and diluted loss per share			
Net loss for the period	9	**$ (0.00)**	$ (0.00)
Comprehensive loss for the period		**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding		**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)

	Three months ended June 30,	
	2023	**2022**
Operating activities		
Net loss for the period	**$ (540,947)**	$ (716,530)
Items not affecting cash and cash equivalents		
Depreciation	**12,555**	21,452
Share-based payments	**69,986**	213,313
Unrealized losses	**(21,585)**	60,274
Changes in non-cash working capital		
Receivables	**(1,437)**	(16,024)
Prepaid expenses and deposits	**(1,160)**	6,128
Trade and other payables	**(127,032)**	(23,814)
Total cash outflows from operating activities	**(609,620)**	(455,201)
Investing activities		
Deposits	**70,561**	(2,413)
Purchase of fixed assets	**(169)**	(2,767)
Exploration and evaluation asset expenditures	**(95,315)**	(278,190)
Effect on cash of foreign exchange	**29,896**	(53,194)
Total cash outflows from investing activities	**4,973**	(336,64)
Net change in cash	**(664,438)**	(791,765)
Cash, beginning of period	**1,977,196**	5,174,535
Cash, end of period	**$ 1,312,758**	$ 4,382,770
Other non-cash items		
Change in fair market value of available-for-sale financial assets	**$ -**	$ 1,754
Warrants issued in private placement	**$**	$
Warrants issued as finders' fee	**$**	$
Exploration and evaluation assets in trade and other payables	**$ 43,780**	$ 86,883
Supplementary disclosures		
Interest received	**$ -**	$ -

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, 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	-	-	-	213,313	-	-	213,313
Net loss and comprehensive loss for the period	-	-	-	-	(1,754)	(716,530)	(718,284)
Balance, June 30, 2022	**588,852,453**	**58,621,966**	**14,670,145**	**8,664,147**	**(3,266,381)**	**(31,429,006)**	**47,260,871**
Share-based payments	-	-	-	163,787	-	-	163,787
Net loss and comprehensive loss for the period	-	-	-	-	(28,241)	(776,276)	(804,517)
Balance, March 31, 2023	**588,852,453**	**58,621,966**	**14,670,145**	**8,827,934**	**(3,294,622)**	**(32,205,282)**	**46,620,141**
Share-based payments	-	-	-	69,986	-	-	69,986
Net loss and comprehensive loss for the period	-	-	-	-	(827)	(540,947)	(541,774)
Balance, June 30, 2023	**588,852,453**	**58,621,966**	**14,670,145**	**8,897,920**	**(3,295,449)**	**(32,746,229)**	**46,148,353**

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 the 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 August 28, 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 ("FVTPL") and fair value through other comprehensive income ("FVTOCI") 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 for the year ended March 31, 2023, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from April 1, 2023. 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 for the year ended March 31, 2023.

(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 expenditure 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 expenditure. 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.

3. INVESTMENTS

The fair value of Global Resources Investment Ltd. ("GRIT") common shares as at June 30, 2023 was $4,349 (March 31, 2023 - $5,176). During the three months ended June 30, 2023, the Company recorded a revaluation reserve loss on the investment of $8826 (2022 - $1,754) and an unrealized foreign exchange gain of $60 (2021 – loss $1,604).

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

(Unaudited – Expressed in Canadian dollars)

4. DEPOSITS

	June 30, 2023	March 31, 2023
Credit card collateral	$ 62,077	$ 62,750
Reclamation bonds	831,827	850,235
Security deposits	5,315	5,315
	$ 899,219	$ 918,300

5. FIXED ASSETS

	Computers $	Vehicles $	Equipment $	Leasehold improvements $	Total $
Cost					
As at March 31, 2022	313,633	152,725	116,300	29,509	612,167
Additions	11,146	-	-	-	11,146
As at March 31, 2023	324,779	152,725	116,300	29,509	623,313
Additions	8,549	-	-	-	8,549
As at June 30, 2023	**333,328**	**152,725**	**116,300**	**29,509**	**631,862**
Accumulated depreciation					
As at March 31, 2022	277,987	62,497	66,226	28,034	434,744
Charge for the year	31,352	23,880	15,007	1,475	71,714
As at March 31, 2023	309,339	86,377	81,233	29,509	506,458
Charge for the period	3,697	5,855	3,003	-	12,555
As at June 30, 2023	**313,036**	**92,232**	**84,236**	**29,509**	**519,013**
Net book value					
As at March 31, 2023	15,440	66,348	35,067	-	116,855
As at June 30, 2023	**20,292**	**60,493**	**32,063**	**-**	**112,849**

(Unaudited – Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Red Hill Properties			
	Iceberg Property $	**Wilson Property $**	**Coal Canyon $**	**Total $**
Balance, March 31, 2022	39,412,225	2,137,646	65,950	41,615,821
Additions				
Assays	101,575	-	-	101,575
Drilling	846,680	-	-	846,680
Geological consulting and salaries	582,668	-	-	582,668
Miscellaneous	124,131	-	-	124,131
Property maintenance	191,207	108,860	14,600	314,667
Travel and vehicle	73,336	-	-	73,336
Total additions	1,919,597	108,860	14,600	2,043,057
Balance, March 31, 2023	41,331,822	2,246,506	80,550	43,658,878
Additions				
Assays	391	-	-	391
Drilling	8,354	-	-	8,354
Property maintenance	-	5,086	-	5,086
Geological consulting and salaries	88,596	-	-	88,596
Miscellaneous	27,336	-	-	27,336
Travel and vehicle	9,333	-	-	9,333
Total additions	134,010	5,086	-	139,096
Balance, June 30, 2023	**41,465,832**	**2,251,592**	**80,550**	**43,797,974**

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 (Note 9) 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%. The Company also quitclaimed one (1) claim back to Barrick reducing the total property to 817 unpatented mining claims.

Wilson Property:

On October 18, 2010, the Company entered into a mining lease (“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.

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:

(Unaudited – Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

- $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, makes the requisite annual cash payments to Idaho and incurs the requisite annual exploration expenditures on or for the benefit of the property. 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:

This property consists of sixty-four lode mining claims (5.1 km2) that were staked the first of September 2018, bringing the Red Hill land holding to a total of 108 km2.

7. TRADE AND OTHER PAYABLES

		June 30, 2023		**March 31, 2023**
Trade payables and accruals	$	91,494	$	145,385
Related party payables		-		20,980
	$	91,494	$	166,365

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 three months ended June 30, 2023 and 2022 was as follows:

		June 30, 2023		**June 30, 2022**
Consulting fees	$	22,500	$	33,125
Directors' fees		7,500		7,500
Exploration and evaluation assets		-		15,042
Management fees		77,591		163,620
Office		3,600		3,600
Professional fees		29,548		48,872
Share-based payments		49,388		131,525
	$	190,127	$	403,284

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

(Unaudited – Expressed in Canadian dollars)

9. SHARE CAPITAL AND RESERVES

(a) Authorized share capital

Unlimited number of common shares without par value

(b) Issued share capital

No shares were issued during the three months ended June 30, 2023 and year ended March 31, 2023

(c) Warrants

A summary of the warrant activities is as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2022	193,432,988	$ 0.16
Expired	(90,622,828)	$ 0.12
Balance, March 31, 2023 and June 30, 2023	102,810,160	$ 0.20

The following share purchase warrants were outstanding as at June 30, 2023:

Expiry date	Number of Warrants	Exercise price	Remaining contractual life (years)
January 19, 2024	102,810,160	$ 0.20	0.55

The weighted average life of the warrants outstanding at June 30, 2023 is 0.55 (March 31, 2023 – 0.81) years.

(d) Stock options

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

During the three months ended June 30, 2023:

There were no stock options granted during the period.

During the year ended March 31, 2023:

In April 2022, the Company granted 1,525,000 stock options exercisable at $0.05 per share to employees, directors and consultants of the Company. The fair value of these stock options was $70,648 using the Black-Scholes option pricing model, of which $65,993 was expensed during the period.

In May 2022, the Company granted 500,000 stock options exercisable at $0.06 per share to an officer and a consultant of the Company. The fair value of these stock options was $21,875 using the Black-Scholes option pricing model, of which $17,378 was expensed during the period.

(Unaudited – Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

(d) Stock options (continued)

In February 2023, the Company granted 6,750,000 stock options exercisable at $0.05 per share to employees, officers and consultants of the Company. The fair value of these stock options was $122,024 using the Black-Scholes option pricing model, of which $59,329 was expensed during the period.

In March 2023, the Company granted 150,000 stock options exercisable at $0.05 per share to a consultant of the Company. The fair value of these stock options was $2,741 using the Black-Scholes option pricing model, of which $740 was expensed during the period.

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 three months ended June 30, 2023 and year ended March 31, 2023:

	June 30, 2023	**March 31, 2023**
Risk-free interest rate	3.18% – 4.37%	2.60% - 3.67%
Expected life	2.74 – 4.50	2.87 - 5.00
Annualized volatility	222.34% - 260.99%	131.91% - 220.54%
Dividend rate	-	-
Grant date fair value	$0.017– $0.029	$0.02 - $0.05

A summary of the stock option activities is as follows:

	Number of options	**Weighted average exercise price**
Balance, March 31, 2022	41,950,000	$ 0.12
Granted	8,925,000	$ 0.05
Expired	(6,175,000)	$ 0.24
Cancelled/Forfeited	(4,950,000)	$ 0.13
Balance, March 31, 2023	39,750,000	$ 0.08
Cancelled	(1,750,000)	$ 0.18
Balance, June 30, 2023	38,000,000	$ 0.08

(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 June 30, 2023:

Expiry date	Options outstanding	Options exercisable		Exercise price	Remaining contractual life (years)
August 19, 2024	4,250,000	4,250,000	$	0.10	1.39
October 11, 2024	1,000,000	1,000,000	$	0.10	1.53
January 15, 2025	375,000	375,000	$	0.10	1.80
April 14, 2025	5,325,000	5,325,000	$	0.10	2.04
May 12, 2025	1,500,000	1,500,000	$	0.10	2.12
June 15, 2025	225,000	225,000	$	0.10	2.21
November 16, 2025	250,000	250,000	$	0.15	2.63
February 8, 2026	5,500,000	5,500,000	$	0.15	2.86
March 14, 2027	10,250,000	10,250,000	$	0.05	3.96
April 11, 2027	350,000	350,000	$	0.05	4.03
April 26, 2027	1,075,000	1,075,000	$	0.05	4.08
May 27, 2027	500,000	375,000	$	0.06	4.16
January 13, 2024	500,000	500,000	$	0.10	0.79
February 9, 2026	6,750,000	1,687,500	$	0.05	2.87
March 27, 2026	150,000	37,500	$	0.05	2.99
	38,000,000	32,700,000	$	0.08	2.58

The weighted average life of stock options outstanding as at June 30, 2023 is 2.58 (March 31, 2023 – 2.71) 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.

11. 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.

		June 30, 2023		March 31, 2023
Non-current assets				
Canada	$	69,400	$	74,345
United States		44,740,642		44,619,688
	$	44,810,042	$	44,694,033

(Unaudited – Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

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

Financial assets	**Financial instrument classification**	**June 30, 2023**	**March 31, 2023**
GRIT common shares	Fair value through other comprehensive income	$ 4,349	$ 5,176

(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 which use inputs which 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 June 30, 2023:

	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	$ 4,349	$ -	$ -	$ 4,349

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2023:

	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	$ 5,176	$ -	$ -	$ 5,176

There were no transfers between levels of the fair value hierarchy during the three months ended June 30, 2023 and year ended March 31, 2023.

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 June 30, 2023				
GRIT common shares	$	4,349	$	(827)
As at March 31, 2023				
GRIT common shares	$	5,176	$	(29,995)

(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 June 30, 2023, the Company has cash denominated in US dollars of $915,221 (March 31, 2023 - $1,217,031), deposits in US dollars of $655,145 (March 31, 2023 - $655,145) and trade and other payables in US dollars of $65,215 (March 31, 2023 - $60,609). Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately US$15,052 (March 31, 2023 - US$18,100). 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 June 30, 2023, the Company has an FVTOCI investment denominated in British pounds of £2,571 (March 31, 2023 - £3,094). Each 1% change in the Canadian dollar versus the British pound will result in a gain/loss of approximately £257 (March 31, 2023 - £214).

(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 June 30, 2023, the Company owned 190,432 shares (after a 10:1 share consolidation in January 2022) (March 31, 2023 - 190,432) GRIT common shares with each common share valued at £0.013 or $0.023 (March 31, 2023 - £0.016 or $0.025). Each £0.01 change in the value per common share will result in a gain/loss of approximately £1,904 or $3,221 (March 31, 2023 - £1,904 or $3,126).

13. 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 $46,148,353 (March 31, 2023 - $46,620,141). 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 three months ended June 30, 2023.