XPLORE RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2023 AND 2022

(Stated in Canadian Dollars)

(Unaudited)

Notice to Reader

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

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

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

Xplore Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)
(Unaudited)

	Notes	March 31, 2023	June 30, 2022
ASSETS			
Current assets			
Cash		$ 88,569	$ 302,710
Other receivables		24,654	82,820
Prepaid expenses		51,800	31,465
Total current assets		165,023	416,995
Non-current assets			
Exploration and evaluation assets	**4**	798,949	986,411
TOTAL ASSETS		$ 963,972	$ 1,403,406
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**5**	$ 37,530	$ 77,562
Equity			
Common shares	**7**	2,386,810	2,369,560
Share-based payments reserve	**7**	10,081	87,600
Deficit		(1,470,449)	(1,131,316)
Total equity		926,442	1,325,844
TOTAL LIABILITIES AND EQUITY		$ 963,972	$ 1,403,406
Nature of business	**1**		
Going concern uncertainty	**2**		

Approved on behalf of the Board of Directors:

"Wesley C. Hanson"
Wesley C. Hanson, Director

"Charles Edgeworth"
Charles Edgeworth, Director

Xplore Resources Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)
(Unaudited)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
Expenses					
Asset impairment		$ 295,972	$ -	$ 295,972	$ -
Exploration and evaluation		-	-	10,628	1,800
Filing & listing fees		5,867	7,746	8,073	17,211
General & administrative		1,234	2,149	14,129	13,137
Professional fees		10,500	14,503	63,590	59,627
Promotion & marketing		450	1,340	15,130	53,229
Share-based payments		-	2,000	-	2,000
Transfer agent fees		2,044	2,337	9,130	9,902
Loss and comprehensive loss for the period		$ (316,067)	$ (30,075)	$ (416,652)	$ (156,906)
Weighted average number of common shares outstanding					
Basic and diluted	**7**	39,203,763	38,861,016	39,098,690	37,709,683
Basic and diluted loss per common share	**7**	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)

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

Xplore Resources Corp.

Condensed Consolidated Interim Statements of Changes in Equity

(Stated in Canadian Dollars)
(Unaudited)

	Common Shares		Share Subscriptions	Share-based Payments		
	Number	Amount	Received	Reserve	Deficit	Total
Balance at June 30, 2022	38,833,763	$ 2,369,560	$ -	$ 87,600	$ (1,131,316)	$ 1,325,844
Shares issued for exploration and evaluation assets	370,000	17,250	-	-	-	17,250
Share options expired	-	-	-	(66,919)	66,919	-
Share warrants expired	-	-	-	(10,600)	10,600	-
Loss for the period	-	-	-	-	(416,652)	(416,652)
Balance at March 31, 2023	39,203,763	$ 2,386,810	$ -	$ 10,081	$ (1,470,449)	$ 926,442

	Common Shares		Share Subscriptions	Share-based Payments		
	Number	Amount	Received	Reserve	Deficit	Total
Balance at June 30, 2021	33,866,491	$ 1,973,060	$ 185,300	$ 91,300	$ (940,346)	$ 1,309,314
Shares issued for cash	3,600,000	355,000	(185,300)	-	-	169,700
Shares issued for exploration and evaluation assets	120,000	9,000	-	-	-	9,000
Loss for the period	-	-	-	-	(156,906)	(156,906)
Balance at March 31, 2022	37,586,491	$ 2,337,060	$ -	$ 91,300	$ (1,097,252)	$ 1,331,108

Xplore Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

		Nine months ended March 31, 2023		Nine months ended March 31, 2022
Operating activities				
Loss for the period	$	(416,652)	$	(156,906)
Item not involving cash:				
Asset impairment		295,972		-
Share-based payments		-		32,000
Changes in non-cash working capital items:				
Other receivables		58,166		(43,472)
Prepaid expenses		(20,335)		13,698
Accounts payable and accrued liabilities		(40,032)		4,946
Net cash used in operating activities		(122,881)		(149,734)
Investing activity				
Exploration and evaluation assets		(91,260)		(395,753)
Net cash used in investing activity		(91,260)		(395,753)
Financing activities				
Proceeds from issuance of common shares, net of issue costs		-		169,700
Net cash provided by financing activities		-		169,700
Change in cash during the period		(214,141)		(375,787)
Cash, beginning of period		302,710		723,189
Cash, end of period	$	88,569	$	347,402
Supplemental Cash Flow Information				
Income taxes paid (recovered)	$	-	$	-
Interest paid (received)	$	-	$	-
Non-cash Operating, Financing and Investing Activities				
Shares issued for exploration and evaluation assets	$	17,250	$	51,100

1. Nature and Continuance of Operations

Xplore Resources Corp. (the "Company") was incorporated on February 24, 2017 pursuant to the Business Corporations Act of British Columbia and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On October 30, 2017, the Company completed its Initial Public Offering ("IPO") and the Company's shares commenced trading on the TSX-V under the symbol XPLR.

On September 23, 2019, VON incorporated a wholly owned subsidiary, 2717915 Ontario Inc., under the *Business Corporations Act* (Ontario). This subsidiary was incorporated solely for the purpose of completing the qualifying transaction under TSX-V Policy 2.4 (the "QT") discussed in Note 4. Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.) ("Xplore Holdings") was incorporated on May 28, 2018 under the Business Corporations Act of Ontario. On October 6, 2020, the Company acquired Xplore Holdings.

The Company's principal business activities include the acquisition and exploration of mineral property assets prospective for gold and copper mineralization throughout the Americas (Note 4).

The head office, principal address, records office, and registered address of the Company is located at 1 King Street West, Suite 4800-300, Toronto, Ontario, Canada, M5H 1A1.

2. Going Concern Uncertainty

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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

Although the Company has positive wording capital of $127,493 as at March 31, 2023, several adverse conditions cast significant doubt on the validity of the going concern assumption. Namely, the Company had not advanced its mineral properties to commercial production, and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements (Note 5), results from its mineral property exploration activities, its ability to attain profitable operations, and its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating costs. These events and conditions create a material uncertainty that may cast significant doubt on the ability of the Company to continue operations as a going concern. These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going

2. Going Concern Uncertainty (cont'd)

concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in condensed consolidated interim financial statements.

3. Basis of Preparation

a) Statement of compliance

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

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's June 30, 2022 financial statements for the year ended June 30, 2022.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These interim condensed financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

These condensed consolidated interim financial statements include the accounts of the following entities:

	Relationship	Percentage
Xplore Resources Corp.	Parent	
Xplore Resources Holdings Corp. (formerly Xplore Resources Corp.)	Subsidiary	100%

Inter-company balances and transactions have been eliminated on consolidation.

c) Approval of the condensed consolidated interim financial statements

The condensed consolidated financial statements of the Company for the three and six months ended December 31, 2022 were reviewed by the Board of Directors and approved and authorized for issue by the Board of Directors on May 29, 2023. The Board of Directors has the right to amend the consolidated financial statements after they are issued.

3. Basis of Preparation (cont'd)

d) Recent accounting pronouncements and changes to accounting policies

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. Exploration and Evaluation Assets

Valk Property

On September 30, 2019, the Company finalized an asset purchase agreement (the "Agreement") to acquire a 100% interest in the Valk property (the "Valk Property"). The Valk Property mineral claims are located at in the Nanaimo mining division in northeastern Vancouver Island, 27 KM northwest of Port Hardy in British Columbia.

The Agreement was amended on February 7, 2020 and again on November 2, 2020 (the "Amended Agreement"). Under the terms of the Amended Agreement, the Company acquired 100% interest in the Valk Property by making the following cash payments and share issuances:

a) a cash payment of $50,000 (paid September 2019);

b) a cash payment of $100,000 (paid November 2020);

c) issuance of 1,500,000 common shares (issued September 2019); and

d) issuance of 1,000,000 common shares (issued November 2020).

After making the cash payments and completing the share issuances noted above, the Company has no further commitments of minimum exploration expenditures; no future cash payments, and no further share issuances per the Amended Agreement.

The Company entered into a finder's fee agreement on February 13, 2019 which was further amended on October 26, 2020 (the "Finder's Agreement"). Pursuant to this Finder's Agreement, the Company made a payment of $5,000 cash, issued 150,000 common shares (issued September 2019), and made a final payment of $5,000 cash (paid November 2020). There are no further payments owing under the Finder's Agreement.

The Company has granted a 2% Net Smelter Return ("NSR") Royalty which is effective on all future production from the Valk Property. The Company may buy back half (1%) of the Royalty, at any time, for a fixed cost of $1,500,000.

Upper Red Lake Property

On February 5, 2021, the Company signed a property acquisition agreement with Abitibi Royalties Inc. ("Abitibi") whereby the Company may acquire a 100% interest in the 1,750 Ha Upper Red Lake Gold Property (the "Upper Red Lake Property"), located in the Red Lake Mining Division in Ontario by completing the following terms:

4. Exploration and Evaluation Assets (cont'd)

a) The Company obtaining all necessary approvals from the TSX-V (received);

b) The issuance of $62,500 in common shares which equated to 1,096,491 common shares, based on the daily volume weight averaged (the "VWAP") price of the Company's shares as reported by the TSX-V, for the 14-day period preceding execution of the LOI (issued);

c) On or before February 4, 2022, the Company shall issue to Abitibi $125,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14-day period either 1) execution of the anniversary date; or 2) an accelerated date to be determined at the sole discretion of the Company. On February 3, 2022, in exchange for the issuance of an additional 227,272 common shares, Abitibi has agreed to extend this date by six months, and subsequently, extended this date by an additional six months, in exchange for the issuance of an additional 250,000 common shares valued at $11,250;

d) On or before February 4, 2023, the Company shall issue to Abitibi CDN$150,000 in common shares of the Company based on the VWAP price of the Company's shares as reported by the TSX-V, for the 14-day period preceding either 1) execution of the anniversary date or 2) an accelerated date to be determined at the sole discretion of the Company;

e) The Company agrees to complete sufficient exploration work on the property to maintain the claims in good standing by incurring minimum E&E expenditures of $35,200 on or before October 7, 2022 (completed); and

f) On completing the share issuance obligations, the Company shall have earned a 100% interest in the Upper Red Lake minus a 1.5% NSR on any future metal production from the Upper Red Lake Property.

The Company announced the termination of the option agreement for the Upper Red Lake properties to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Upper Red Lake property assets have been reduced to reflect this impairment of value.

<u>Pringle Lake Property</u>

On February 25, 2021, the Company signed a property acquisition agreement with 1544230 Ontario Inc. and Gravel Ridge Resources Inc. (together the "Vendors") whereby the Company may acquire a 100% ownership interest in 78 contiguous cells (1,560 Ha) Pringle Lake Property ("Pringle Lake Property"), located in the Red Lake Mining Division in Ontario by completing the following terms:

a) The Company obtaining all necessary approvals from the TSX-V (received);

b) Making a cash payment of $18,000 to the Vendors on signing of the agreement (paid);

c) Issuing to the Vendors 90,000 shares of the Company within five days of TSX-V approval of the agreement (issued);

4. Exploration and Evaluation Assets (cont'd)

d) Making a cash payment of $24,000 and issuing 120,000 shares of the Company to the Vendors on or before February 24, 2022 (paid and issued);

e) Making a cash payment of $30,000 to the Vendors on or before February 24, 2023; and

f) Making a final cash payment to the Vendors of $30,000 on or before February 24, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Pringle Lake Property and the Vendors would retain a 1.5% NSR royalty on all future metal production. The Company may purchase one half of the NSR for $600,000.

The Company announced the termination of the option agreement for the Pringle Lake properties to allow the Company to focus on their portfolio of lithium properties in Ontario and Brazil as well as the 100% owned Valk copper property in British Columbia. Consequently, the Pringle Lake property assets have been reduced to reflect this impairment of value.

Perrigo Lake Property

On August 13, 2021, the Company entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in the 166 contiguous cell claims (3,370 Ha) Perrigo Lake Property ("Perrigo Lake Property") located in the McNaughton Township, Red Lake Mining Division in Ontario.

Under the terms of the Agreement, the Company will acquire a 100% ownership interest in the Perrigo Lake Property by completing the following:

a) the Company obtaining all necessary approvals from the TSX-V (received);

b) making a cash payment of $18,000 to the vendors on signing of the Agreement (paid);

c) issuing to the vendors 120,000 shares within five (5) days of TSX-V approval of the Agreement (issued);

d) making a cash payment of $20,000 and issuing 120,000 shares or before September 9, 2022 (paid and issued);

e) making a cash payment of $28,000 on or before September 9, 2023; and

f) making a final cash payment to the vendors of $30,000 on or before September 9, 2024.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Perrigo Lake Property and the vendors would retain a 1.75% NSR royalty on all future metal production. The Company may purchase 0.50% of the NSR for $600,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arms-length third party.

4. Exploration and Evaluation Assets (cont'd)

Surge Property

On February 18, 2022, the Company entered into an Option Agreement (the "Agreement") to earn a 100% ownership interest in eight (8) unpatented continuous mining claims (3,416 Ha) that make up the Surge property (the "Surge Property") located in the Patricia Mining District in Ontario.

Under the terms of the Agreement, the Company will acquire a 100% ownership interest in the Surge Property by completing the following:

a) the Company obtaining all necessary approvals from the TSX-V (received);

b) incurring exploration expenditures in an aggregate amount of $60,000 on or before the first anniversary (completed);

c) issuing to the vendors 400,000 shares of the Company on signing of the Agreement (issued);

d) making a cash payment of $20,000 to the vendors on signing of the Agreement (paid);

e) making a cash payment of $25,000 on or before February 18, 2023. In exchange for a $5,000 cash payment, this anniversary date was extended to May 15, 2023;

f) making a cash payment of $30,000 on or before February 18, 2024; and

g) making a final cash payment to the vendors of $35,000 on or before February 18, 2025.

On completion of the above noted cash payments and share issuances, the Company will have earned a 100% interest in the Surge Property and the vendors would retain a 1.5% NSR royalty on all future metal production. The Company may at any time, purchase 0.50% of the NSR for $800,000. The remaining 1.25% NSR is subject to a pre-existing agreement with an arms-length third party.

Brazilian Properties

Exploration – Energia (Li)

On September 22, 2022, the Company's wholly owned Brazilian subsidiary Baru Exploração Mineral Ltda. ("Baru"), acquired through staking four (4) tenements, (4,585 hectares) within the Eastern Brazilian Pegmatite Province ("EBPP"), Minas Gerais, Brazil. The tenements, collectively known as the Energia Lithium Properties, are all greenfield properties with minimal exploration work completed to date.

The EBPP is 200 kilometre wide, 800 kilometre long "S" shaped area, elongated along an NNE-SSW axis that transects the states of Bahia, Minas Gerais and Rio de Janeiro. The EBPP is recognized as a premium exploration district for lithium–cesium–tantalum ("LCT") pegmatites.

The Company has not, as yet, mobilized field crews to the Energia property to conduct initial reconnaissance exploration.

4. Exploration and Evaluation Assets (cont'd)

Exploration - Borborema (Li)

On December 6, 2022, the Company's wholly owned Brazilian subsidiary Baru Exploração Mineral Ltda. ("Baru"), acquired through staking, seven (7) tenements (9,120 hectares) in the Borborema Pegmatite Province ("BPP"), Rio Grande do Norte, Brazil. The tenements, collectively known as the Borborema Lithium Properties, are all greenfield properties with minimal exploration work completed to date.
The properties are located approximately 150 kilometres west of Natal in the state of Rio Grande do Norte in the northeastern region of Brazil. Rio Grande do Norte offers excellent, year-round road access and established infrastructure.

The BPP is one of the largest, granitic, pegmatite provinces in South America, extending over 150 kilometres along a north-northeast trend through the states of Rio Grande do Norte and Paraiba, and measuring more than 75 kilometres in width. The BPP was an important source of tantalum and beryl from the late 1940's through the 1970's and the area was known for "specimen" quality samples of tantalum, beryl and niobium. Over 700 rare earth element ("REE") pegmatites have been recorded throughout the BPP and more recent research has confirmed lithium-cesium-tantalum ("LCT") type pegmatites are common as well.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(Stated in Canadian Dollars)

4. Exploration and Evaluation Assets (cont'd)

The Company has incurred the following exploration expenditures as at March 31, 2023 and June 30, 2022:

	Brazilian Properties	Surge Property	Perrigo Lake	Pringle Lake	Upper Red Lake	Valk Project	Total
Acquisition Costs							
Balance at June 30, 2022	$ -	$ 40,000	$ 27,000	$ 55,650	$ 76,740	$ 342,500	$ 541,890
Cash payments	15,284	5,000	20,000	-	-	-	40,284
120,000 common shares issued at $0.05	-	-	6,000	-	-	-	6,000
250,000 common shares issued at $0.04!	-	-	-	-	11,250	-	11,250
Asset impairment	-	-	-	(55,650)	(87,990)	-	(143,640)
Balance at March 31, 2023	15,284	45,000	53,000	-	-	342,500	455,784
Exploration Costs							
Balance at June 30, 2022	-	41,670	45,738	35,374	111,023	210,716	444,521
Food and lodging	-	3,712	-	-	-	-	3,712
Transportation	-	4,967	-	-	-	-	4,967
Equipment rentals and consumables	-	3,477	-	-	-	-	3,477
Geophysics	-	22,400	-	-	935	-	23,335
Analytical	6,185	1,801	2,500	2,500	2,500	-	15,486
Asset impairment	-	-	-	(37,874)	(114,458)	-	(152,332)
Balance at March 31, 2023	6,185	78,027	48,238	-	-	210,716	343,165
Total E&E assets as at March 31, 2023	$ 21,468	$ 123,027	$ 101,238	$ -	$ -	$ 553,216	$ 798,949
Total E&E assets as at June 30, 2022	$ -	$ 81,670	$ 72,738	$ 91,024	$ 187,763	$ 553,216	$ 986,411

5. Accounts Payable and Accrued Liabilities

	March 31, 2023	June 30, 2022
Trade payables	$ 37,515	$ 77,562
Due to related parties	-	-
	$ 37,515	$ 77,562

6. Related Party Balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include the Directors, the Chief Executive Officer and the Chief Financial Officer who have the authority and responsibility for planning, directing and controlling of the activities of the Company.

During the three and six months ended March 31, 2023, the Company paid $nil (2022 - $nil) to related parties.

(Stated in Canadian Dollars)

7. Shareholders' Equity

a) Authorized:

An unlimited number of common shares without par value.

b) During the nine months ended March 31, 2023, the Company issued the following common shares:

i. On August 12, 2022, the Company issued 120,000 common shares at a price of $0.05 per share as part of the Perrigo Lake property agreement, see Note 4.
ii. On November 2, 2022, the Company issued 250,000 common shares at a price of $0.04 per share as part of the Upper Red Lake property agreement, see Note 4.

c) Warrants exercisable and outstanding as at March 31, 2023 are as follows:

Expiry Date	Number of warrants	Exercise Price
September 28, 2023	8,080,000	$0.15
September 29, 2023	500,000	$0.15
	8,580,000	

d) Escrowed shares:

Pursuant to an escrow agreement dated August 30, 2017 (the "Escrow Agreement") between the Company and certain shareholders of the Company, 2,000,000 common shares (the "CPC Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the initial public offering, were deposited in escrow. Pursuant to the Escrow Agreement, the CPC Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of the QT and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. As at March 31, 2023, there are 600,000 common shares remaining in escrow. An additional 3,330,000 shares are held in escrow as at March 31, 2023. These CPC Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

(Stated in Canadian Dollars)

7. Shareholders' Equity (cont'd)

e) Loss per share:

Basic and diluted loss per share

	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
Numerator:				
Net (loss) income	$ (316,067)	$ (30,075)	$ (416,652)	$ (156,905)
Denominator:				
Weighted average number of common shares (basic)	39,203,763	38,861,016	39,098,690	37,709,683
Dilutive effect of share options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
Weighted average number of common shares (diluted)	39,203,763	38,861,016	39,098,690	37,709,683
Basic and diluted (loss) income per common share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)

8. Share-based Payments

a) Stock options:

The Company has adopted a rolling incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

(Stated in Canadian Dollars)

8. Share-based Payments (cont'd)

The changes in stock options issued during the six months ended December 31, 2022 are as follows:

	9 months ended March 31, 2023			Year ended June 30, 2022		
	Number of options		Weighted-average exercise price	Number of options		Weighted-average exercise price
Balance, beginning of year	2,300,000	$	0.12	2,500,000	$	0.12
Granted	-	$	-	100,000	$	-
Expired	(500,000)	$	0.05	(300,000)	$	-
Balance, end of year	1,800,000	$	0.10	2,300,000	$	0.12

Stock options exercisable and outstanding as at March 31, 2023 are as follows:

Expiry Date	Number of options	Exercise Price
May 18, 2024	1,700,000	$0.10
March 16, 2025	100,000	$0.10
	1,800,000	

b) Finder's warrants:

On September 28, 2020, the Company issued an aggregate of 336,000 warrants as finder's fees. These warrants have an exercise price of $0.15 and expired on September 28, 2022. The fair value of the 336,000 finder's warrants was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.23%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80% and an expected life of 2 years. The fair value of the finder's warrants was $0.03 per warrant.

The expected volatility assumption is based on the estimated volatility of comparable early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

9. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

There were no changes to the Company's risk exposure during the nine months ended March 31, 2023.

9. Financial Risk Management (cont'd)

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk, has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of March 31, 2023 equal $37,530. All the liabilities presented as accounts payable and accrued liabilities are due on demand.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at March 31, 2023, the Company is not exposed to significant market risk.

14. Subsequent Events

Related to the Surge property, as described in Note 4, the Company has made the cash payment of $25,000.