Kiboko Gold Inc.
Condensed Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

Kiboko Gold Inc.

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	**June 30, 2022**	December 31, 2021
		$	$
ASSETS			
Current			
Cash		**5,641,840**	57,653
Receivables	**3**	**79,331**	129,238
Marketable securities	**4**	**-**	269,234
Prepaid expenses and advances		**29,104**	-
Total assets		**5,750,275**	456,125
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**751,547**	543,002
Due to related parties	**8**	**7,612**	131,003
Flow-through share premium liability	**10**	**1,273,400**	-
Loans payable	**7**	**-**	1,047,766
Total liabilities		**2,032,559**	1,721,771
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	**9**	**7,373,641**	355,601
Equity reserves	**9**	**37,303**	-
Deficit		**(3,693,228)**	(1,621,247)
Total shareholders' equity (deficiency)		**3,717,716**	(1,265,646)
Total liabilities and shareholders' equity (deficiency)		**5,750,275**	456,125

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

APPROVED ON BEHALF OF THE BOARD:

Signed "JEREMY LINK" , Director

Signed "JON MORDA" , Director

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

Kiboko Gold Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
		$	$	**$**	$
Expenses					
Exploration and evaluation expenses	**6**	**1,598,531**	32,481	**1,606,165**	56,763
Consulting and management fees	**8**	**10,500**	1,723	**21,000**	2,723
Professional fees		**34,355**	15,222	**40,355**	51,264
Transfer agent, listing and filing fees	**1**	**165,058**	84,915	**199,477**	265,415
Office expense		**1,011**	1,428	**1,011**	1,683
Marketing expense		**2,706**	920	**2,706**	1,230
Insurance expense		**1,146**	-	**1,146**	-
Bank charges		**174**	90	**618**	146
Loss before the following		**1,813,481**	136,779	**1,872,478**	379,224
Other items					
Interest expense	**7**	**31,905**	16,639	**62,907**	29,491
Interest income	**5**	**-**	-	**(405)**	(160)
Foreign exchange loss		**-**	-	**-**	975
Realized loss on marketable securities	**4**	**167,767**	-	**167,767**	-
Unrealized loss (gain) on marketable securities	**4**	**(85,033)**	5,033	**(30,766)**	(5,200)
Loss and comprehensive loss for the period		**1,928,120**	158,451	**2,071,981**	404,330
Basic and diluted loss per share		**0.14**	0.01	**0.15**	0.03
Basic and diluted weighted average common shares outstanding		**14,148,950**	13,812,001	**13,980,476**	13,812,001

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

Kiboko Gold Inc.

Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

	Note	Six months ended June 30, 2022	2021
		$	$
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES:			
Loss for the period		**(2,071,981)**	(404,330)
Items not involving cash:			
Common shares issued for exploration and evaluation expenses	**6,9**	**1,500,600**	-
Return of marketable securities for exploration and evaluation expenses	**4,9**	**132,233**	-
Realized loss on marketable securities	**4**	**167,767**	-
Unrealized gain on marketable securities	**4**	**(30,766)**	(5,200)
Accrued interest expense	**7**	**62,907**	29,491
Accrued interest income	**5**	**-**	932
Changes in non-cash working capital items:			
Receivables		**49,907**	11,154
Prepaid expenses and advances		**(29,104)**	3,000
Accounts payable and accrued liabilities		**200,545**	285,054
Due to related parties	**8**	**6,609**	(98,969)
		(11,283)	(178,868)
FINANCING ACTIVITIES:			
Issuance of units	**9**	**6,038,400**	-
Share issuance costs	**9**	**(442,930)**	-
Loan payable	**5**	**-**	150,000
		5,595,470	150,000
CHANGE IN CASH		**5,584,187**	(28,868)
CASH, beginning of period		**57,653**	107,237
CASH, end of period		**5,641,840**	78,369

Supplemental disclosure with respect to cash flows (Note 14)

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

Kiboko Gold Inc.

Condensed interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars)
For the periods ended June 30, 2022 and 2021

	Number of shares	Issued capital	Equity reserves	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$
Balance, December 31, 2020	**13,812,001**	**355,601**	**-**	**(646,652)**	**(291,051)**
Loss and comprehensive loss for the period	-	-	-	(404,330)	(404,330)
Balance, June 30, 2021	**13,812,001**	**355,601**	**-**	**(1,050,982)**	**(695,381)**

	Number of shares	Issued capital	Equity reserves	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$
Balance, December 31, 2021	**13,812,001**	**355,601**	**-**	**(1,621,247)**	**(1,265,646)**
Issuance of units for initial public offering	19,060,000	6,038,400	-	-	6,038,400
Share issue costs	300,000	(488,233)	37,303	-	(450,930)
Flow-through share premium liability	-	(1,273,400)	-	-	(1,273,400)
Share issued for exploration and evaluation expenditures	6,002,400	1,500,600	-	-	1,500,600
Units issued on settlement of debt	4,442,692	1,110,673	-	-	1,110,673
Units issued on settlement of related party payables	520,000	130,000	-	-	130,000
Loss and comprehensive loss for the period	-	-	-	(2,071,981)	(2,071,981)
Balance, June 30, 2022	**44,137,093**	**7,373,641**	**37,303**	**(3,693,228)**	**3,717,716**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kiboko Gold Inc. ("Kiboko" or the "Company") was incorporated on May 2, 2019 and is engaged in the business of mineral exploration in the province of Québec. The Company's head and registered office address is Suite #201, 1405 St. Paul Street, Kelowna, British Columbia, V1Y 2E4. The Company was incorporated as Kiboko Exploration Inc. but changed its name to Kiboko Gold Inc. on March 1, 2021. To date, the Company has not earned operating revenue.

On June 29, 2022, the Company completed its initial public offering (the "Offering") and its common shares commenced trading on the TSX Venture Exchange ("TSXV") at the opening of business on July 5, 2022. The common shares of the Company trade under the symbol "KIB". The Offering consisted of 8,000,000 units of the Company at a price of $0.25 per unit, 5,520,000 flow-through units of the Company at a price of $0.29 per flow-through unit, and 5,540,000 Québec charity flow-through units ("QCFT units") of the Company at a price of $0.44 per QCFT unit.

The financial statements are presented in Canadian dollars unless otherwise indicated, which is the functional currency of the Company.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued existence is dependent upon the preservation of its interests in its mineral properties, the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to make the required property option payments and the required exploration expenditure requirements, upon the development and future profitable production, or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from the carrying values as shown. As at June 30, 2022, the Company had not yet achieved profitable operations, had accumulated losses of $3,693,228 (December 31, 2021 - accumulated losses of $1,621,247) since inception and expects to incur further losses in the development of its business, all of which constitutes a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is no assurance that these funds will be available on terms acceptable to the Company or at all. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard ("IAS") 34 – Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. The accounting policies and methods of application adopted are consistent with those disclosed in Note 2 of the Company's financial statements for the year ended December 31, 2021, and as outlined below.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value through profit or loss, as disclosed in Note 2 of the Company's annual financial statements for the year ended December 31, 2021.

These condensed interim financial statements were approved by the Board of Directors of the Company on August 29, 2022.

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) The carrying value of marketable securities that include publicly traded common shares which are valued using a quoted share price and non-trade warrants of a publicly traded company using the Black-Scholes option pricing model as a measurement of fair value.

(ii) Compensation warrants are valued using the Black-Scholes option pricing model as a measure of fair value.

(iii) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

(iv) In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Flow-through shares

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of flow-through shares are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. The liability is reduced, and other income is recognized at the time the eligible expenditures are incurred.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(Expressed in Canadian dollars, unless otherwise noted)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based compensation

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

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Share purchase warrants

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

The Company uses the residual value method of accounting for warrants included in a share unit offering. When warrants are attached to common shares issued by the Company as part of a share unit offering, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When share purchase warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

3. RECEIVABLES

The Company's receivables arise from resource tax credits, refundable mining tax credits, goods and services tax ("GST") and Québec sales tax ("QST") receivable due from Canadian taxation authorities.

	June 30, 2022	December 31, 2021
	$	$
Resource tax credit receivable	**29,531**	90,229
Refundable mining tax credit receivable	**6,075**	18,561
GST and QST receivables	**43,725**	20,448
	79,331	129,238

(Expressed in Canadian dollars, unless otherwise noted)

4. MARKETABLE SECURITIES

Marketable securities are recorded at fair value through profit and loss and are comprised of the following:

	June 30, 2022			December 31, 2021		
	Units	**Market value**	**Cost**	Units	Market value	Cost
		$	**$**		$	$
Tres-Or Resources Ltd. common share	-	-	-	2,000,001	240,000	300,000
Tres-Or Resources Ltd. warrants	-	-	-	1,000,001	29,234	-
		-	-		269,234	300,000

In February 2021, the Company participated in a private placement for 666,667 Tres-Or Resources Ltd. ("Tres-Or") units at a cost of $0.15 per unit for a total cost of $100,000, in settlement of an outstanding term loan to Tres-Or (see Note 5). Each unit consisted of one common share and one half of a common share purchase warrant with an exercise price of $0.20 per share over a period of 24 months. The common shares were assigned the total cost of $100,000.

As at December 31, 2021, the Company held 2,000,001 common shares and 1,000,001 warrants of Tres-Or, which had a fair market value of $269,234 and a cost of $300,000.

In June 2022, as part of the amended and restated option agreement, the Company transferred to Tres-Or the 2,000,001 Tres-Or common shares and surrendered for cancellation the 1,000,001 warrants of Tres-Or held by the Company. Immediately prior to the transfer, the common shares and warrants had a fair market value of $132,233, which resulted in a realized loss of $167,767 (six months ended June 30, 2021 – an unrealized gain of $5,200).

5. LOAN TO TRES-OR RESOURCES LTD.

On July 10, 2020, the Company extended a $100,000 term loan to Tres-Or, at an interest rate of 2% per annum, for the purposes of allowing Tres-Or to satisfy certain outstanding payables. It was agreed that Tres-Or would repay the loan, plus outstanding interest, at the earliest possible date, but no later than September 30, 2020. It was expected that the repayment would be made through the conversion of the loan into equity of Tres-Or, satisfying the $100,000 option payment due to Tres-Or under the Harricana Gold Project option agreement (see Note 6 for additional detail on the option agreement). The loan was not repaid by September 30, 2020, and remained unpaid until February 2021, when the Company participated in a Tres-Or private placement whereby the outstanding loan of $100,000 was converted into 666,667 units of Tres-Or at a cost of $0.15 per unit (see Note 4). Accrued interest on the loan of $1,090 was paid in cash.

6. EXPLORATION AND EVALUATION EXPENDITURES

Harricana Gold Property

On June 6, 2019, the Company entered into a definitive option agreement with Tres-Or which provided Kiboko with the option of acquiring up to a 90% interest in Tres-Or's interest in the Harricana Gold Project (the "Original Option Agreement"). On November 30, 2021, the Company entered into an amended and restated option agreement with Tres-Or which provided Kiboko with the option of acquiring a 100% interest in Tres-Or's interest in the Harricana Gold Project (the "Amended Option Agreement"). The Harricana Gold Project was formerly known as the Fontana Gold Project but was renamed following the staking of additional adjacent claims. The Harricana Gold Project is located in Duverny Township, Québec.

The Harricana Gold Project is comprised of 234 claims of which 230 claims that, as of June 30, 2022, were 100% held by Tres-Or. On the remaining four claims Tres-Or held a 65% interest, with an option to earn the remaining 35%. As of June 30, 2022, as per the option agreement between Tres-Or and Sementiou Inc. ("Sementiou") dated May 23, 2010, as amended, Tres-Or had the right to earn a further 15% interest for a total 80% interest in these four claims by incurring $4,000,000 in exploration expenditures. Tres-Or had the right to acquire the remaining 20% interest through a business combination with Sementiou, or by purchasing any or all of the 20% interest by paying the sum of $1,000,000 for each 1% interest in these four claims.

6. EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

On June 29, 2022, the Company completed its initial public offering, returned the Tres-Or common shares and warrants held by the Company to Tres-Or (see Note 4) and issued to Tres-Or 6,002,400 common shares in Kiboko, having a value of $1,500,600. These were all requirements under the Amended Option Agreement.

Subsequent to June 30, 2022, following the final option payment of $350,000 to Tres-Or, being the only outstanding requirement under the Amended Option Agreement, the interests held by Tres-Or in the 234 claims that make up the Harricana Gold Project were transferred to the Company. In addition to the Kiboko common shares issued to Tres-Or and the return of the Tres-Or common shares and warrants held by the Company, the Company has made cash payments totalling $1,150,000 to Tres-Or since entering into the initial option agreement in 2019.

<u>Original Option Agreement</u>

Under the terms of the Original Option Agreement, which had an effective date of July 10, 2019, following the satisfaction of certain condition precedents, the Company had the option to acquire a 65% interest in Tres-Or's interest in the Harricana Gold Project by completing the following:

(a) Cash payment of $5,000 upon the signing of a non-binding term sheet (completed);
(b) Subscribe for equity securities in Tres-Or or make cash payments, at the Company's option, totalling $995,000 (equity securities totalling $495,000 were subscribed for between July 2019 and February 2021); and
(c) Complete a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") that established a mineral resource of at least 1,000,000 ounces of gold of Inferred classification or higher or incur expenditures on the Harricana Gold Project totalling $4,000,000 within four years of the effective date of July 10, 2019.

Upon earning a 65% interest in the Harricana Gold Project, the Company would have the option to acquire an additional 25% interest, for a total interest of 90% in Tres-Or's interest in the project, by incurring additional exploration expenditures of $2,000,000 within six years of the effective date of July 10, 2019, or by completing a preliminary economic assessment and a supporting technical report prepared in accordance with NI 43-101.

<u>Amended Option Agreement</u>

On November 30, 2021, the Company entered into the Amended Option Agreement with Tres-Or which provided Kiboko with the option of acquiring a 100% interest in Tres-Or's interest in the Harricana Gold Project by completing the following:

(i) Transfer to Tres-Or the 2,000,001 Tres-Or common shares and surrender for cancellation 1,000,001 warrants of Tres-Or held by Kiboko (completed - see Note 4);
(ii) On or before November 30, 2021, make a $300,000 cash payment, to be held in trust by Tres-Or's legal counsel, with instructions to:
    a. pay $200,000 to satisfy the final payment obligation under the Globex option agreement, which was due on or before January 1, 2022, within three business days of the deposit (completed); and
    b. pay the remaining $100,000 to Tres-Or upon written receipt from Globex that the terms of the Globex option agreement have been satisfied, the Globex option has been exercised, and that the documentation to initiate the transfer of the associated claims has been submitted to the Government of Québec (completed);
(iii) Complete an initial public offering for gross proceeds of no less than $3,000,000, no later than June 30, 2022 (the "Offering") (completed – see Note 9), and within 30 days of the completion of the Offering:
    a. make a cash payment of $350,000 to Tres-Or (completed subsequent to June 30, 2022); and
    b. issue to Tres-Or common shares in Kiboko, equal to a value of $1,500,000, based upon the price at which non-flow-through common shares are issued pursuant to the Offering (completed).

(Expressed in Canadian dollars, unless otherwise noted)

6. EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

Globex Royalty Agreement

The Company, along with Tres-Or, also entered into an agreement relating to the Harricana Gold Project with Globex dated May 29, 2019 (the "Globex Royalty Agreement"). As part of the Globex Royalty Agreement, Globex agreed that its royalty agreements with Tres-Or, as they pertain to certain claims that comprise the Harricana Gold Project, will be extinguished and replaced with a single 2% NSR royalty agreement for all of the claims that comprised the Harricana Gold Project as at that date. The Globex Royalty Agreement provides for a customary 90-day right-of-first-refusal ("ROFR") on the sale of any portion of the NSR in favour of Kiboko. The Globex Royalty Agreement also provides an option to buyout one-half of the 2% NSR for $2,000,000 at any time prior to commercial production.

In addition, Kiboko has agreed to recognize and confirm an additional 1.8% NSR on the Chenier claims that make up part of the Harricana Gold Project (the "Chenier Family NSR") under the condition that Globex's right to purchase this royalty at any time for $360,000 be extended to the Company. A 90-day ROFR on any potential sale of the Chenier Family NSR has been granted to the Company.

Under the Globex Royalty Agreement, $500,000 in payments that were outstanding to Globex from Tres-Or under their existing option agreement on the Harricana Gold Project were rescheduled as follows: i) $100,000 – on the closing of the Option Agreement (paid – by Tres-Or); ii) $200,000 – on or before January 1, 2021 (paid – by Tres-Or); and iii) $200,000 – on or before January 1, 2022 (paid – by Tres-Or).

Following the final payment of $200,000 under the Globex Royalty Agreement, the remaining interest Globex held in 23 claims on the Harricana Gold Property were transferred to Tres-Or, and a 2% NSR royalty was granted to Globex on the claims that make up the Harricana Gold Property. Subsequent to June 30, 2022, following the satisfaction of all the remaining requirements under the Amended Option Agreement, Tres-Or's interest in all 234 claims in the Harricana Gold Project, including these 23 claims, were transferred to the Company.

Harricana Gold Property Expenditures

Expenditures during the three and six months ended June 30, 2022 and 2021 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Database management	**-**	260	**-**	260
Geological consulting	**1,303**	31,348	**8,937**	52,717
Permitting	**-**	131	**-**	2,655
Property acquisition costs	**1,632,833**	-	**1,632,833**	-
Refundable tax credits	**(35,605)**	-	**(35,605)**	-
Other	**-**	742	**-**	1,131
Total expenditures	**1,598,531**	32,481	**1,606,165**	56,763

7. CONVERTIBLE LOANS

On December 1, 2020, the Company entered into a convertible loan agreement for proceeds of $500,000. During March 2021, the Company entered into two additional convertible loan agreements with the same terms as the original convertible loan agreement, for proceeds of $50,000 and $100,000, respectively.

The convertible loans had a term of six months with an annual interest rate of 10%, accruing quarterly. Prior to the repayment date, the holders of the convertible loans had agreed to convert all of the principal and any accrued interest into equity of the Company at a price that is equal to the lesser of:

i. the terms and conditions of the next equity offering of $3,000,000, or greater, to bona fide third-party investors; or
ii. a price that establishes a $20,000,000 pre-money enterprise value for the Company.

Prior to the repayment or conversion of the loan, the Company agreed not to:

i. issue any additional equity or debt securities at a price that would imply a pre-money enterprise value of less than $10,000,000;
ii. obtain or grant any security registration, rights or interests in respect of the assets of the Company that is senior to the convertible loan;
iii. issue any equity securities, or securities convertible into equity securities, of the Company that have rights, interest, or priorities in addition or senior to the common shares of the Company; and
iv. make any changes to its board of directors or executive management without approval of the holders of the convertible loans.

As there was an obligation, under the loan, to issue a variable number of commons shares and there was no unavoidable contractual obligation to settle the loan in cash, the loan was recorded as a liability with no equity component.

In May 2021, the Company entered into an agreement with the holder of the original $500,000 convertible loan to extend the term of the loan an additional three months to September 1, 2021. In September 2021, agreements were entered into with all the loan holders to extend the terms of the loans to December 1, 2021.

On November 30, 2021, the Company entered into amended terms with the convertible loan holders. An additional $325,000 was advanced, the repayment date on the loans was extended from December 1, 2021 to June 30, 2022, and the interest rate was increased from an annual rate of 10% to 12%. Additionally, shareholders of the Company transferred 350,000 existing common shares of Kiboko to a convertible loan holder as a fee for increasing their loan and extending the repayment date.

As at December 31, 2021, the convertible loans had a balance of $1,047,766, which included accrued interest of $72,766.

On June 29, 2022, immediately following the completion of the Company’s initial public offering, and pursuant to the terms of the convertible loan agreements, the principal and accrued interest of the convertible loans, totalling $1,110,673, was converted to equity through the issuance of an aggregate of 4,442,692 units of the Company at a price of $0.25 per unit, the same terms of the initial public offering (see Note 9), on a non-brokered basis. The convertible loan units are subject to a statutory four-month hold period.

(Expressed in Canadian dollars, unless otherwise noted)

8. RELATED PARTY TRANSACTIONS

Total amounts due to related parties of $7,612 (December 31, 2021 - $131,003) consisted of outstanding fees for services of $nil (December 31, 2021 - $97,546) and $7,612 in reimbursable expenses (December 31, 2021 - $33,457) due to officers and directors. In respect of services provided to and expenses incurred on behalf of the Company, the Company owed various related parties the following at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	$	$
Jeremy Link – expenses (officer and director)	**-**	2,236
Aslan United Capital Corp. – service fees (Company controlled by officer and director)	**-**	7,350
BJB Financial Consulting Services Inc – expenses (Company controlled by officer)	**81**	23,690
Aurum Consulting - services and expenses (Company controller by officer)	**7,531**	97,727
	7,612	131,003

On June 29, 2022, immediately following the completion of the Company's initial public offering, 520,000 units of the Company, at a value of $0.25 per unit, were issued as settlement for $130,000 in related party liabilities. Aurum Consulting was issued 360,784 units as settlement for related party liabilities accrued in the amount of $90,196. The remaining 159,216 units were issued as settlement for related party liabilities accrued by BJB Financial Consulting Services Inc. in the amount of $39,804.

Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Board of Directors, corporate officers, including the Chief Executive Officer and Chief Financial Officer, as well as the Vice-President, Geology and Vice-President, Technical Services and Project Evaluation. During the six months ended June 30, 2022, consulting fees of $21,000 to key management personnel was incurred (six months ended June 30, 2021 - $nil).

The Company is party to certain management contracts. As at June 30, 2022, these contracts contain minimum commitments of approximately $620,000 upon the occurrence of a change of control. Additionally, any unvested stock options would vest immediately upon a change of control.

9. SHARE CAPITAL AND EQUITY RESERVES

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

Transactions

During the six months ended June 30, 2022, the Company issued:

a) 8,000,000 units (“Unit”) at a price of $0.25 per Unit, 5,520,000 flow-through units (“FT Unit”) at a price of $0.29 per FT Unit, and 5,540,000 Québec charity flow-through units (“QCFT Unit”) at $0.44 per QCFT Unit, on June 29, 2022, as part of an initial public offering resulting in aggregate gross proceeds of $6,038,400. The Offering was pursuant to the final prospectus of the Company dated June 22, 2022.

   Each Unit comprises one common share of the Company and one common share purchase warrant of the Company (“Unit Warrant”). Each Unit Warrant is exercisable into one common share of the Company at an exercise price of $0.40 per common share for a period of five years.

   Each FT Unit comprises one common share of the Company and one common share purchase warrant of the Company (“Unit FT Warrant”). Each FT Unit Warrant is exercisable into one common share of the Company at an exercise price of $0.45 per common share for a period of five years.

   Each QCFT Unit comprises one common share of the Company and one Unit Warrant.

   Commissions, legal fees, and other expense in the amount of $488,233 were paid in connection with the Offering. In addition, the Company issued as corporate finance fees, 300,000 Units, valued at $75,000, and 958,935 compensation warrants, valued at $37,303, using the Black-Scholes option pricing model. The Company used the following assumptions when valuing the brokers warrants: dividend yield of 0%, expected volatility of 70%, risk-free interest rate of 3.12% and an expected life of one year. Each compensation warrant entitles the holder to purchase one common share at a price of $0.40 for a period of one year from the listing date.

b) 6,002,400 common shares of the Company valued at $1,500,600 were issued to Tres-Or as part of the Amended Option Agreement on the Harricana Gold Project (see Note 6).

c) 4,442,692 units of the Company at a price of $0.25 per unit, the same terms of the Offering, in settlement of outstanding convertible loans totalling $1,110,673 in aggregate (see Note 7).

d) 520,000 units of the Company at a price of $0.25 per unit, the same terms of the Offering, in settlement of outstanding related party payables of $130,000 (see Note 8).

During the year ended December 31, 2021, the Company did not issue any common shares.

Stock Options

The Company adopted an incentive stock option plan (the “Option Plan”) which allows the Company’s Board of Directors, at its discretion and in accordance with TSXV requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees, and consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

As at June 30, 2022 and December 31, 2021, there were no stock options outstanding.

(Expressed in Canadian dollars, unless otherwise noted)

9. SHARE CAPITAL AND EQUITY RESERVES (Cont'd)

Warrants

Changes in share purchase warrants for the six months ended June 30, 2022, were as follows:

	June 30, 2022	
	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	-	-
Issued	25,281,627	$0.41
Outstanding, end of period	25,281,627	$0.41

As at December 31, 2021, there were no share purchase warrants outstanding.

Share purchase warrants outstanding as at June 30, 2022, were as follows:

Issue date	Number of warrants	Exercise price	Expiry date
June 29, 2022	18,802,692	$0.40	June 29, 2027
June 29, 2022	5,520,000	$0.45	June 29, 2027
June 29, 2022	958,935	$0.40	June 29, 2023
	25,281,627		

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

	Flow-through share premium liability
	$
Balance, December 31, 2021	-
Premium recorded on flow-through proceeds	1,273,000
Balance, June 30, 2022	1,273,000

On June 29, 2022, the Company raised $1,600,800 through the issuance of 5,520,000 flow-through units and $2,437,600 through the issuance of 5,540,000 Québec charity flow-through units, for aggregate proceeds of $4,038,400. A flow-through share premium liability of $1,273,000 was recognized on the issuance date. As of June 30, 2022, the entire $4,038,400 remains to be spent on qualifying expenditures by December 31, 2023.

11. FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, currency, interest rate, and price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has relied upon equity financings and short-term convertible loans to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success.

11. FINANCIAL INSTRUMENTS (Cont'd)

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The Company's cash is held with major Canadian based financial institutions.

Receivables mainly consist of sales tax refunds due from various levels of governments in Canada and refundable resource tax and mining tax credits from the government of Québec.

Currency Risk

The Company operates mainly in Canada. The Company mitigates its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The convertible loans outstanding were not exposed to interest rate risk because of the fixed interest rates and short-term maturity of the financial instruments.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's investment in marketable securities is classified as FVTPL and is traded on the stock market. The Company closely monitors its marketable securities, stock market movements, and 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.

Fair Value

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities, and loans payable. The fair value of these financial instruments approximates their carrying values due to their short term to maturity. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of common shares of publicly traded companies held as marketable securities are based on level 1 inputs of the fair value hierarchy. The fair value of non-traded warrants of publicly traded companies held as marketable securities are based on level 2 inputs of the fair value hierarchy.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The management of the Company's capital is reviewed and monitored by the Board of Directors.

13. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions of the Company for the six months ended June 30, 2022 were as follows:

a) Recorded a $1,273,000 flow-through share premium liability in relation to the June 29, 2022 Offering (see Note 9).

b) On June 29, 2022, issued 958,935 compensation warrants with a fair value of $37,303 (see Note 9).

c) Issued 300,000 units of the Company with a fair value of $75,000 in settlement of a corporate finance fee payable under the June 29, 2022 Offering (see Note 9).

d) Issued 4,442,692 units of the Company with a fair value of $1,110,673 to settlement of the balance outstanding on the convertible loans payable as at June 29, 2022 (see Notes 7 and 9).

e) On June 29, 2022, issued 520,000 units of the Company with a fair value of $130,000 to settle amounts due to related parties (see Notes 8 and 9).

f) Included in accounts payables and accrued liabilities are share issuance costs of $8,000.

Significant non-cash transactions of the Company for the six months ended June 30, 2021 were as follows:

a) In February 2021, the Company participated in a private placement for 666,667 Tres-Or units at a cost of $0.15 per unit for a total cost of $100,000, in settlement of an outstanding term loan to Tres-Or (see Notes 5 and 6).

15. SUBSEQUENT EVENTS

On July 22, 2022, the Company granted 3,435,000 stock options to officers, directors, and consultants of the Company at an exercise price of $0.20. These options have a term of five years.