



SPRUCE RIDGE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JULY 31, 2022
(Unaudited – Expressed in Canadian Dollars)

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

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

The accompanying unaudited condensed interim financial statements of the Company for the three months ended July 31, 2023, have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

SPRUCE RIDGE RESOURCES LTD.
Consolidated Condensed Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	July 31, 2023 \$	April 30, 2023 \$
Assets			
Current			
Cash		74,408	213,772
Accounts receivable		174,754	140,660
Marketable securities – short term		7,898,153	9,089,597
Prepaid expenses		59,741	14,522
		<u>8,207,056</u>	<u>9,458,551</u>
Accounts receivable – long term		192,195	208,892
Exploration and evaluation assets		651,697	642,647
Property and equipment, net		165,832	149,628
Security deposits		158,526	108,526
Total Assets		<u>9,375,306</u>	<u>10,568,244</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		157,313	99,159
CEBA loan		60,000	60,000
Total Liabilities		<u>217,313</u>	<u>159,159</u>
Shareholders' Equity			
Share capital		17,430,583	17,430,583
Warrants		25,250	25,250
Contributed surplus		3,279,276	3,279,276
Dividends Canada Nickel Shares		(11,314,369)	(11,314,369)
Retained earnings		(262,747)	988,345
Total Shareholders' Equity		<u>9,157,993</u>	<u>10,409,085</u>
Total Liabilities and Shareholders' Equity		<u>9,375,306</u>	<u>10,568,244</u>

SPRUCE RIDGE RESOURCES LTD.

Consolidated Condensed Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - Expressed in Canadian Dollars)

For the three months ended July 31, 2023 and 2022

	Notes	2023 \$	2022 \$
Oil and gas revenue		-	28,782
Oil Expenses			
Accretion		-	5,820
Amortization		-	11,873
Filing fees		(1,000)	4,220
Professional fees		-	-
Office and general		(104)	1,404
Operator expenses		(4,032)	75,087
Royalties		(1,774)	878
		(6,910)	99,282
Income / (Loss) from oil and gas operations		6,910	(70,500)
Amortization		6,796	4,118
Exploration expenses		(7,638)	212,175
Property investigation		6,710	-
Filing fees		-	650
Investor and shareholder relations		2,036	9,048
Management fee		42,000	45,000
Office and general		4,972	3,288
Professional fees		66,923	13,291
Property expenses		1,320	3,240
		123,119	290,810
Net operating loss before other income		(116,209)	(361,310)
Dividend income		-	1,862
Interest income		4,436	-
Rental income		4,050	2,900
Gain on sale of marketable securities		43,697	-
Marketable securities – fair value adjustment		(1,187,066)	(4,544,966)
Net income before income tax		(1,251,092)	(4,901,514)
Net income (loss) and comprehensive income (loss)		(1,251,092)	(4,901,514)
Net income (loss) per share		(0.01)	(0.03)
Weighted average outstanding shares		180,207,202	180,207,202

SPRUCE RIDGE RESOURCES LTD.
Consolidated Condensed Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)
As at July 31, 2023 and 2022

	Shares Issued	Share Capital \$	Warrants \$	Contributed Surplus \$	Dividend \$	Retained Earnings \$	Total \$
Balance, April 30, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	6,802,526	16,223,266
Loss and comprehensive loss	-	-	-	-	-	(4,901,514)	(4,901,514)
Balance, July 31, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	1,901,012	11,321,752
Warrants expired	-	-	(10,479)	10,479	-	-	-
Loss and comprehensive loss	-	-	-	-	-	(912,667)	(912,667)
Balance, April 30, 2023	180,207,202	17,430,583	25,250	3,279,276	(11,314,369)	988,345	16,223,266
Loss and comprehensive loss	-	-	-	-	-	(1,251,092)	(1,251,092)
Balance, July 31, 2023	180,207,202	17,430,583	25,250	3,279,276	(11,314,369)	(262,747)	9,157,993

SPRUCE RIDGE RESOURCES LTD.
Consolidated Condensed Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)
As at July 31, 2023 and 2022

	Notes	2023 \$	2022 \$
Operating activities			
Net income (loss) for the year		(1,251,092)	(4,901,514)
Add back / deduct non-cash expenses			
Accretion		-	5,820
Amortization		6,796	15,991
Dividend income		-	(1,862)
Interest income		(4,436)	
Gain on sale of marketable securities		(43,697)	-
Marketable securities - fair value adjustment		1,187,066	4,544,966
Total Non-cash (Income) Expenses		1,145,729	4,564,915
Changes in non-cash balances			
Accounts receivable		(12,961)	71,837
Security deposits		(50,000)	-
Miscellaneous receivable		-	61,964
Prepaid expenses		(45,219)	15,820
Accounts payable and accrued liabilities		58,154	3,935
Changes in Operating Activities		(50,026)	153,556
Total cash used in operating activities		(155,389)	(183,043)
Investing activities			
Net proceeds on sale of marketable securities		48,075	
Purchase of exploration and evaluation assets		(9,050)	
Purchase of fixed assets		(23,000)	(42,413)
Total cash provided (used) in investing activities		16,025	(42,413)
Financing activities			
		-	-
Total cash provided by financing activities		-	-
Change in cash		(139,364)	(225,456)
Cash (indebtedness) at the beginning of the year		213,772	713,701
Cash at the end of the year		74,408	488,245

1. Nature of operations and going concern

Spruce Ridge Resources Ltd. (“**Spruce**” or the “**Company**”) is a public company listed on the TSX Venture Exchange (TSXV - SHL) and operating under the laws of the Province of Ontario. The Company is an exploration stage company that is in the process of exploring its mineral properties located in Canada and has not yet determined whether these properties contain reserves that are economically recoverable. The Company also has producing oil wells in Unity, Saskatchewan from its wholly owned subsidiary Spruce Ridge Oil & Gas Inc. The Company’s registered head office is located at 18 King Street E, Suite 902, Toronto, ON M5C 1C4

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from April 30, 2023. At July 31, 2023, the Company has retained, net of dividends – Canada Nickel share of negative \$11,577,116 (April 30, 2023 – \$10,326,024) and incurred a net loss and comprehensive loss of \$1,251,092 (April 30, 2023 - \$5,814,181). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development.

The condensed interim of the Company for the period ended July 31, 2023, were authorized for issue in accordance with a resolution of the Board of Directors September 28, 2023.

2. Summary of Significant accounting policies

(a) Basis of presentation and statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB, have been omitted or condensed.

The condensed interim consolidated financial statements of the Company include the accounts of its wholly owned subsidiary Spruce Ridge Oil & Gas Inc. and have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for the investments which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed interim consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the Company’s functional currency.

The condensed interim consolidated financial statements should be read in conjunction with the most recently annual financial statements of Spruce, which includes information necessary or useful to understanding the Company’s financial statement presentation. In particular, the Company’s significant accounting policies were presented in Note 2 to the consolidated financial

2. Summary of Significant Accounting policies (continued)

statements for the year ended April 30, 2023 and have been consistently applied in the preparation of these condensed interim consolidated financial statements except as described herein.

The operating results for the three months ended July 31, 2023, are not necessarily indicative of results that may be expected for the full year ended April 30, 2024, due to variation in property expenses and other factors.

3. Accounts Receivable

	31-July-23	30-Apr-23
	\$	\$
HST	104,655	90,223
HST – SRO&G	20,991	21,199
Accounts receivable	9,811	11,074
Royalties receivable (1)	39,297	18,164
Total	174,754	140,660

1 – Royalties receivable

	31-July-23	30-Apr-23
	\$	\$
Balance, beginning of year	227,056	-
Add: Sale of oil and gas assets	-	220,016
Add: Interest income	4,436	7,040
Less: Current portion	(39,297)	(18,164)
Long-term portion	192,195	208,892

4. Marketable securities

At July 31 and April 30, 2023, the Company held marketable securities as follows:

31-July-23	Number of Shares	Cost	Short Term FV Adjustment	Fair Value
Cash				\$ 665
Canada Nickel Company	5,730,395	1,857,924	5,534,286	7,392,210
Noble Mineral Exploration	10,000,000	392,894	57,106	450,000
Magna Terra Minerals Inc.	2,761,312	173,611	(118,385)	55,226
Cerro Grande Mining Corp.	26,150	20,593	(20,541)	52
		2,445,022	5,452,466	\$7,898,153

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Condensed Financial Statements
(Expressed in Canadian Dollars)
As at July 31, 2023 and 2022

4. Marketable securities (continued)

30-Apr-23	Number of Shares	Cost	Short Term FV Adjustment	Fair Value
Cash				\$665
Canada Nickel Company	5,767,495	1,865,720	6,612,498	8,478,218
Noble Mineral Exploration	10,000,000	392,894	107,106	500,000
Magna Terra Minerals Inc.	2,761,312	173,611	(63,159)	110,452
Cerro Grande Mining Corp.	26,150	20,593	(20,331)	262
		2,452,818	6,636,114	\$9,089,597

5. Prepaid expenses

The prepaid expenses and security deposits for the Company are as follows:

	31-July-23	30-Apr-23
	\$	\$
Prepaid expenses	59,741	14,522
Prepaid expenses - SRO&G	-	-

6. Exploration and evaluation assets

	Nora Lake	Viking/Kramer	Great Burnt Copper/Gold	Foggy Pond	Total
	\$	\$	\$	\$	\$
Balance, April 30, 2022	7,500	125,000	413,392	211,505	757,397
Additions	-	-	-	-	-
Adjustment	-	-	-	-	-
Write-downs	-	-	-	-	-
Balance, July 31, 2022	7,500	125,000	413,392	211,505	757,397
Additions	-	-	10,250	-	-
Disposals	-	(125,000)	-	-	-
Balance, April 30, 2023	7,500	-	423,642	211,505	642,647
Additions	-	-	9,050	-	9,050
Adjustment	-	-	-	-	-
Balance, July 31, 2023	7,500	-	432,692	211,505	651,697

6. Exploration and evaluation assets (continued)

(a) Crooked Green Property, Pifher Township, Ontario

1% net smelter - The Company sold its interest in mining claim units in Pifher Township in 1999 but retained a royalty equal to 1% of the net smelter returns should the property commence commercial production. As at April 30, 2023, commercial production had not commenced and the carrying value is \$nil.

(b) Nora Lake Property, Ontario

On May 18, 2005, the Company acquired an option to purchase an eighty nine percent (89%) interest in the Nora Lake area, Ontario.

(c) Viking/Kramer Gold Property, Western Newfoundland

On September 8, 2020 the Company entered into an Amended Option Agreements (the "Agreements") with Magna Terra Minerals Inc. ("Magna Terra") for both the Viking and Kramer Properties ("Viking", "Kramer" or the "Properties") situated near the communities of Pollard's Point and Sop's Arm in White Bay, Newfoundland.

Option Details

Magna Terra was able to earn a 100% interest in the Viking and Kramer Projects by paying the Company a total of \$300,000 over 4 payment periods that ended in February 15, 2023. At Magna Terra's election up to half of the payments can be made via the issuance of Common Share Units (the "Units"). Pricing of the Units was calculated using the 20 day volume weighted average price ("VWAP") of Magna Terra's common shares on the TSX Venture Exchange immediately prior to the payment date. Each Unit consisted of one Common Share and ½ Common Share Purchase Warrant. Each whole warrant was exercisable at a 50% premium to the Common Share VWAP, for a period of 2 years from the payment date. The warrant exercise price was not to be less than the market price of the common shares at the time of issuance. The maximum number of Units issuable by Magna Terra is 740,742. During the year ended April 30, 2021 the Company received of \$125,000 of consideration comprised of 76,126 units and \$100,000 of cash. During the year ended April 30, 2022 the Company received \$75,000 of consideration comprised of 185,186 units and \$51,389 of cash.

During the year ended April 30, 2023 the agreement was amended and Magna Terra issued 2,500,000 common shares with a fair market value of \$125,000 to complete their 100% acquisition of the Viking and Kramer projects including the cancellation of the NSR's.

As a result of the transaction, a \$610,000 write-down was recorded during the year ended April 30, 2022 resulting in no gain or loss recorded during the year ended April 30, 2023.

6. Exploration and evaluation assets (continued)

(d) Great Burnt Copper/Gold Property, Central Newfoundland

The Company owns a 100%-undivided interest in the Great Burnt Copper/Gold Property in Central Newfoundland.

(e) Foggy Pond Property

On September 14, 2021 the Company acquired 767 claims covering 19,175 hectares of land which are contiguous to the Company's Great Burnt Copper-Gold Property.

During the year ended April 30, 2022, the Company issued 2,000,000 shares valued at \$200,000 to the vendor for an interest in the property.

7. Exploration expenses

A summary of exploration expenditures incurred for the period ended July 31, 2023 is as follows:

	Great Burnt	Foggy Pond	Nora Lake	Totals
	\$	\$	\$	\$
Field Expenses	(10,552)	-	-	(10,552)
Assays	614	-	-	614
Geoscience	-	2,300	-	2,300
	<u>(9,938)</u>	<u>2,300</u>	<u>-</u>	<u>(7,638)</u>

8. Security deposits

The Company has \$158,526 (2022 - \$108,526) of security deposits, of which \$108,526 are on hand with provincial governments in connection with various mineral rights claims and \$50,000 (2022 - \$nil) was paid in connection with a binding LOI.

During the year ended April 30, 2022, the Company acquired certain mineral leases with petroleum and natural gas rights, plus oil and gas wells, pipelines and facilities in the Unity area of southwestern Saskatchewan from Repsol Canada Energy Partnership. Included in the purchase was 793 ha of petroleum and natural gas rights from surface to the base of the Mannville Group with an average working interest of 84%. The purchase includes 5 active oil wells, 10 suspended oil and gas wells, heavy oil facilities, pipelines, and an active water disposal well.

The purchase price was \$50,000 plus \$10,000 paid to the Orphan Fund. The purchase price considers the Company's responsibility for the Environmental Liabilities, including Environmental Defects and Abandonment and Reclamation Obligations. An abandonment and reclamation security deposit of \$554,630 was paid to the Saskatchewan government.

8. Security deposits (continued)

On December 5, 2022, the Company sold its Saskatchewan oil and gas interests to Original Oil Inc., an Alberta-based oil and gas producer. The Company will receive a total of \$500,000 based on an initial \$25,000 cash payment and ongoing gross-over-riding royalty payments of 5% on production. The Company also applied to the Saskatchewan Government for return of its security bond in the amount of \$554,630. The Ministry of Energy and Resources received the Company's application and agreed there is no longer a security requirement and the Company received the \$554,630 refund.

9. Property and equipment

Cost	Land \$	Buildings \$	Equipment \$	Office	Trucks \$	Oil & Gas	Total \$
				Equipment \$		Assets \$	
Balance, April 30, 2022	40,000	159,000	241,756	9,200	36,000	273,833	759,789
Additions	-	-	-	-	42,413	-	42,413
Balance, July 31, 2022	40,000	159,000	241,756	9,200	78,413	273,833	802,202
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(273,833)	-
Balance, April 30, 2023	40,000	159,000	241,756	9,200	78,413	-	802,202
Additions	-	-	23,000	-	-	-	23,000
Balance, July 31, 2023	40,000	159,000	264,756	9,200	78,413	-	825,202
Accumulated Amortization							
Balance, April 30, 2022	-	128,460	215,142	8,836	9,832	26,383	388,653
Amortization	-	849	1,288	18	1,963	11,873	15,991
Balance, July 31, 2022	-	129,309	216,430	8,854	11,795	38,256	404,644
Amortization	-	2,545	3,866	55	5,887	16,389	28,742
Disposals	-	-	-	-	-	(54,645)	(54,645)
Balance, April 30, 2023	-	131,854	220,296	8,909	17,682	-	378,741
Amortization	-	679	1,548	15	4,554	-	6,796
Balance, July 31, 2023	-	132,533	221,844	8,924	22,236	-	385,537
Net Book Value							
Balance, April 30, 2022	40,000	30,540	26,614	364	26,168	247,450	371,136
Balance, July 31, 2022	40,000	29,691	25,326	346	66,618	256,960	397,558
Balance, April 30, 2023	40,000	27,144	21,460	291	60,730	-	149,625
Balance, July 31, 2023	40,000	26,467	42,912	276	56,177	-	165,832

10. Accounts payable and accrued liabilities

Payables and accrued liabilities for the Company are as follows:

	31-July-23	30-Apr-23
	\$	\$
Trade payables	91,130	28,530
Trade payables – SRO&G	-	7,118
Accrued liabilities	66,183	63,511
Total	157,313	99,159

11. CEBA loan

The Company received a \$60,000 interest free loan due December 31, 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. For qualifying entities, the loan is unsecured and non-interest bearing up until December 31, 2023 and will then bear interest of 5% up to December 31, 2025 at which point the balance is due in full. The Company did not qualify for the CEBA loan and therefore the loan is due on demand.

12. Reclamation liability

During the year ended April 30, 2022 the Company assumed a reclamation liability of \$213,833 as part of the acquisition of the oil and gas assets in Saskatchewan. The reclamation liability was estimated based on the Company's net ownership interest in the oil and gas assets, estimated costs to abandon and reclaim the facilities, and the estimated timing of costs to be incurred in future periods. It was estimated that the oil and gas assets have an estimated useful life of 10 years and a 10% discount rate was used in calculating the net present value of the reclamation liability.

During the year ended April 30, 2023, accretion expense of \$13,679 (2022 - \$18,981) was recorded.

During the year ended April 30, 2023 the Company sold its oil and gas assets in Saskatchewan and the Company's reclamation liability was extinguished.

13. Shareholders' Equity

(a) Share capital

There is an unlimited number of common shares without par value. As at July 31, 2022 180,207,202 (April 30, 2022 – 180,207,202) common shares have been issued.

(b) Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Broker compensation units entitle the holders thereof the right to purchase one common share and one common share purchase warrant for each unit.

13. Shareholders' Equity (continued)

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, as at April 30, 2022	374,990	0.14
	-	
Balance, as at July 31, 2022	374,990	0.14
Warrants expired	(111,990)	0.14
Balance, as at April 30, 2023	263,000	0.14
	-	
Balance, as at July 31, 2023	263,000	0.14

Number of Warrants	Fair value at grant date	Exercise Price \$	Expiry Date
263,000	\$25,250	0.14	31-Dec-23

(c) Stock Options

A summary of the status of outstanding stock options as of July 31, 2022 is presented below.

	Stock Options	Weighted Average Exercise Price
Balance, as at April 30, 2022	1,350,000	\$0.05
	-	
Balance, as at July 31, 2022	1,350,000	\$0.05
Options expired	(900,000)	\$0.05
Balance, as at April 30, 2023	450,000	\$0.05
Options expired	(450,000)	\$0.05
Balance, as at July 31, 2023	-	-

14. Related Party Transactions

No director fees have been paid to directors.

During the three months ended July 31, 2023, \$36,000 (2022 - \$Nil) was paid or accrued to a company controlled by the Chief Executive Officer for management services.

14. Related Party Transactions (continued)

During the three months ended July 31, 2023, \$6,000 (2022 - \$Nil) was paid or accrued to a company controlled by the Chief Financial Officer for management and accounting services.

During the three months ended July 31, 2023, \$Nil (2022 - \$45,000) was paid or accrued to a company controlled by the former President of the Company for management and accounting services.

During the three months ended July 31, 2023, \$Nil (2022 - \$46,486) was paid or accrued to the former Vice President of Exploration for geological services.

15. Contingencies

In the normal course of operations, the Company may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims. No amounts have been recorded as the outcome of the current legal claims is determined to be unknown.

16. Capital and financial risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the CEBA loan and shareholders' equity comprised of issued share capital and warrants.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2023.

Fair Value

The carrying values for primary financial instruments, including cash, accounts receivable, miscellaneous receivable, security deposits, accounts payable and accrued liabilities and CEBA loan approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash held with Canadian financial institutions.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

- i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

16. Capital and financial risk management (continued)

The Company's marketable securities are considered Level 1.

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the year. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

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, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly-traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

16. Capital and financial risk management (continued)

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

17. Subsequent Events

On August 4, 2023 the Ontario Securities Commission revoked the Company's cease trade order and on August 9, 2023 the TSX Venture Exchange lifted the trading halt imposed on the Company's common shares. The Common Shares resumed trading on the open of market on August 11, 2023.

On August 15, 2023 the Company entered into an agreement to sell its property at 398D Street in Beardmore, Ontario for gross proceeds of \$70,000. The transaction is expected to result in an estimated gain of approximately \$59,000.

On August 15, 2023 the Company executed a binding letter of intent to enter into an option agreement with Benton Resources Ltd. ("Benton") whereby Benton can earn an undivided 70% interest in the Great Burnt Copper/Gold and certain Foggy Pond properties. Under the terms of the option agreement, Benton can earn a 70% interest in the properties by making a \$40,000 cash payment, using 15 million common shares of Benton and completing \$2.5 million in exploration expenses within three years. On September 25, 2023 this transaction received TSX approval.