

St. Augustine Gold and Copper Limited

Consolidated Financial Statements

As at and for the three and six months ended June 30, 2023 and 2022
Presented in U.S. dollars

Dated as of August 11, 2023

ST. AUGUSTINE GOLD AND COPPER LIMITED

**No. 21, Greenwood Lane
Singapore, 286949**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements for St. Augustine Gold and Copper Limited (the "Company") as at and for the three and six months ended June 30, 2023, have been prepared by management in accordance with the International Accounting Standards, which include International Financial Reporting Standards ("IFRS"). These financial statements are the responsibility of management and have not been reviewed by the auditors. The most significant accounting principles have been set out in the December 31, 2022 audited consolidated financial statements. There have been no changes in accounting policies from the latest completed financial year end. These financial statements have been prepared on a historical cost basis of accounting. A precise determination of many assets and liabilities is dependent on future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented

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St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of financial position

As at June 30, 2023 and 2022

(Presented in U.S. dollars)

	Notes	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		\$ 998,090	\$ 150,015
Prepays and other current assets		186,057	110,265
Total current assets		1,184,147	260,280
Non-current assets			
Investment in mineral property	3	63,019,081	62,708,260
Investment in NADECOR	4.C	31,737,886	31,501,588
Note receivable from NADECOR	4.B	6,420,883	5,220,022
Advances to joint ventures	5.B	2,299,669	2,451,621
Note receivable from joint venture	5.B	8,714,332	8,536,865
Other non-current assets		196,280	196,280
Total non-current assets		112,388,131	110,614,636
Total assets		\$ 113,572,278	\$ 110,874,916
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued wages	6.A	\$ 2,778,435	\$ 1,221,823
Due to related parties	6.B	2,192,376	1,972,147
Total current liabilities		4,970,811	3,193,970
Shareholders' equity			
Share capital	7.A	139,398,520	136,582,004
Share option reserves	7.B	12,033,926	12,033,926
Warrant reserves		1,215,488	1,215,488
Accumulated deficit		(28,887,683)	(29,502,847)
Accumulated other comprehensive loss		(15,158,784)	(12,647,625)
Total equity		108,601,467	107,680,946
Total liabilities and shareholders' equity		\$ 113,572,278	\$ 110,874,916

Commitments and contingencies 10

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

Approved on behalf of the Board of Directors:

*"SIGNED"***Yolanda L. Coronel-Armenta**

Director

*"SIGNED"***Johnny C. Felizardo**

Director

*"SIGNED"***Eugene T. Mateo**

Director

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of comprehensive income (loss)

For the three and six ended June 30, 2023 and 2022

(Presented in U.S. dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Operating expenses					
Wages expenses	6.A	\$ 55,000	\$ 55,000	\$ 110,000	\$ 110,000
General and administrative costs		74,601	96,499	170,371	193,610
Total operating expenses		(129,601)	(151,499)	(280,371)	(303,610)
Interest income		163,644	117,933	311,340	188,570
Foreign exchange gain (loss)		655,613	(159,582)	675,366	(160,993)
Other income	6.B	20,220	25,405	40,928	57,865
Total other income		839,477	(16,244)	1,027,634	85,442
Loss from investment in NADECOR	4.C	10,894	(17,557)	(16,764)	(29,570)
Loss from investments in joint ventures	5.B	(128,456)	(324,733)	(115,008)	(421,635)
Income (Loss) before income tax expense		592,314	(510,033)	615,491	(669,373)
Income tax expense		(327)	-	(327)	-
Income (Loss)		591,987	(510,033)	615,164	(669,373)
Foreign exchange translation gain (loss)		(3,292,166)	(1,758,731)	(2,511,159)	(2,717,277)
Total comprehensive loss		\$ (2,700,179)	\$ (2,268,764)	\$ (1,895,995)	\$ (3,386,650)
Loss per common share, basic and diluted	9	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding, basic and diluted		1,011,700,979	836,784,426	1,011,700,979	836,784,426

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

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of cash flows
 For the three and six months ended June 30, 2023 and 2022
 (Presented in U.S. dollars)

	Notes	Six months ended June 30,	
		2023	2022
Cash flows from operating activities			
Income (Loss) from investments in joint ventures		\$ 615,164	\$ (669,373)
Effects of foreign currency changes		(682,868)	161,440
Interest income		(163,644)	(117,933)
Loss from investment in NADECOR	4.C	16,764	17,557
Income (Loss) from investments in joint ventures	5.B	115,008	421,635
Changes in non-cash operating working capital		(75,792)	(38,715)
Net cash used by operating activities		(175,368)	(225,389)
Cash flows from investing activities			
Increase in investment in mineral property	3	(312,269)	(315,764)
Advances to joint ventures	5.B	(16,397)	(39,486)
Note receivable from NADECOR	4.B	-	(53,244)
Changes in non-cash investing working capital		1,495,610	292,973
Interest income		(147,608)	(70,616)
Net cash provided by (used by) investing activities		1,019,336	(186,137)
Cash flows from financing activities			
Private placement of shares	7.A	2,816,516	-
Advances from related party	6.C	220,964	428,948
Net cash provided by financing activities		3,037,480	428,948
Net increase in cash		3,881,448	17,422
Effect of exchange rate changes on cash		(3,033,373)	(40,771)
Cash, beginning of period		150,015	175,889
Cash, end of period		\$ 998,090	\$ 152,540

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

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of changes in shareholders' equity

For the three and six months ended June 30, 2023 and 2022

(Presented in U.S. dollars)

	Notes	Shares	Share capital	Share option reserves	Warrant reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance, January 1, 2022		836,784,426	\$ 133,601,047	\$ 12,033,926	\$ 1,215,488	\$ (28,513,743)	\$ (9,506,440)	\$ 108,830,278
Foreign exchange translation loss		-	-	-	-	-	(2,717,277)	(2,717,277)
Loss		-	-	-	-	(669,373)	-	(669,373)
Balance, June 30, 2022		836,784,426	133,601,047	12,033,926	1,215,488	(29,183,116)	(12,223,717)	105,443,628
Balance, January 1, 2023		919,626,084	136,582,004	12,033,926	1,215,488	(29,502,847)	(12,647,625)	107,680,946
Private placement	7.A	91,778,683	2,816,516	-	-	-	-	2,816,516
Foreign exchange translation loss		-	-	-	-	-	(2,511,159)	(2,511,159)
Loss		-	-	-	-	615,164	-	615,164
Balance, June 30, 2023		1,011,404,767	\$ 139,398,520	\$ 12,033,926	\$ 1,215,488	\$ (28,887,683)	\$ (15,158,784)	\$ 108,601,467

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

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and six months ended June 30, 2023 and 2022

Financial disclosures are presented in U.S. dollars unless otherwise noted

1. Organization & description of business and continuance of operations

St. Augustine Gold and Copper Limited (the “Company” or “SAGC”) was incorporated on January 27, 2010, in the British Virgin Islands. The address of the Company’s corporate office is No. 21, Greenwood Lane, Singapore, 286949. The registered address of the Company is Jayla Place, Wickham’s Cay 1, Road Town, Tortola VG 1110, British Virgin Islands.

The Company has earned no revenues since its recapitalization in 2011 and is focused on the exploration and evaluation of its mineral property. The Company (through a related party company, prior to the Company’s incorporation) and Nationwide Development Corporation (“NADECOR”), a Philippine corporation, entered into a Letter of Intent dated November 10, 2009, and executed a Memorandum of Understanding (“MOU”) on April 27, 2010. Under these agreements, subsequent amendments and related agreements, the Company became responsible for providing technical assistance for operations and acquired the right to earn-in an aggregate 60% equity position, through direct and indirect investments, in the King-king Joint Venture envisioned in the MOU. The earn-in is based on expenditures made to benefit the King-king copper gold project (the “Project”) as well as direct payments to NADECOR. The MOU will be superseded following fulfillment of the terms of an amended agreement executed in 2013 and amended in August 2014 (Note 4.A).

The Project is a copper-gold mineral reserve located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Davao de Oro, on Mindanao Island, Philippines. Several years of exploration, including drilling and baseline studies have been completed by various parties. A National Instrument 43-101-compliant Preliminary Feasibility Technical Report had been completed and published on SEDAR on November 1, 2013.

The Philippine Environmental Management Bureau approved the Project Environmental Impact Study and issued the Environmental Compliance Certificate (“ECC”) to NADECOR for the Kingking Project on February 26, 2015.

On January 4, 2016, Mines and Geosciences Bureau (“MGB”) approved the Declaration of Mine Project Feasibility (“DMPF”) therefore authorizing NADECOR and the Company to proceed in the development, construction and operation of the King-king Project per approved plans and strategies.

In June 2016, MGB issued an order approving the assignment of the Mineral Production Sharing Agreement (“MPSA”) to Kingking Mining Corporation (“KMC”) pursuant to the deeds of assignment dated October 22, 2010 and November 25, 2013.

On August 8, 2016, the Company announced that the Department of Environment and Natural Resources (“DENR”) through MGB has approved the renewal of the amended MPSA for another 25-year term.

The Company is dependent upon its ability to obtain additional financing to complete a Bankable Feasibility Study (“BFS”), develop the mine site, and fund operations.

These unaudited interim consolidated financial statements, prepared as at and for the three and six months ended June 30, 2023 and 2022 (the “Financial Statements”) have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. The Company earns no operating revenues and has incurred an accumulated deficit of \$28,887,683 through June 30, 2023 (December 31, 2022 - \$29,502,847). The Company had a working capital deficit of \$3,786,664 at June 30, 2023 (December 31, 2022 – \$2,933,690); however, the Company has \$3,500,000 in commitments remaining to a joint venture investee (Note 10.B). Further, additional funds must be raised in order to further develop and construct the Project and ultimately realize a positive economic return. This represents a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to complete permitting activities, engineering design, construction and placement of the mineral property into commercial production. The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

These Financial Statements were authorized for issue by the Board of Directors on August 11, 2023.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and six months ended June 30, 2023 and 2022

Financial disclosures are presented in U.S. dollars unless otherwise noted

2. Significant accounting policies

A. Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) effective for the Company’s reporting period ending December 31, 2022. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2022. Accounting policies applied are the same as those applied in the Company’s annual financial statements which are filed under the Company’s profile on SEDAR at www.sedar.com, with the exception of new and revised accounting standards outlined in Note 2.F. The Financial Statements are prepared as at and for the three and six months ended June 30, 2023, which is part of the period to be covered by the Company’s annual financial statements for the year ending December 31, 2023.

B. Basis of presentation

The Financial Statements have been prepared using historical costs and fair values of certain items. Items initially measured at fair value include cash held in foreign currencies, warrant valuations, share-based payments and investments. Also, the Financial Statements have been prepared using the accrual method of accounting, except for cash flow information. The use of “₱” refers to Philippine pesos and “CDN\$” refers to Canadian dollars.

C. Basis of consolidation

The Financial Statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

D. Segment reporting

The Company operates in a single reportable operating segment, which is the exploration and evaluation of its mineral property. The Company’s sole mineral property interest, the Kingking Project, is located in the Philippines.

E. Significant accounting estimates, judgments and assumptions

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no changes in key estimates, judgments or assumptions since the year ended December 31, 2022.

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Notes to the consolidated financial statements

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3. Investment in mineral property

The following table summarizes changes to the investment in mineral property as at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Beginning balance	\$ 62,708,260	\$ 62,060,929
Additions	310,821	647,331
Ending balance	\$ 63,019,081	\$ 62,708,260

The Company's investment in mineral property is secured under its rights under the MOU. Additionally, the Company owns 25% of NADECOR directly (Note 4.C). Management expects to fulfill the terms of the Project Framework Agreement ("PFA") (Note 4.A), which will supersede the terms of the MOU. However, until the PFA is substantially completed, the MOU is the current contract in force underlying this asset at June 30, 2023.

The Company has committed to spend \$43,500,000 to complete a BFS for the Project, for which the Company will earn a 45% interest in the Project. The underlying earn-in accumulates as expenditures are made, along with other milestones and earn-in commitments. An additional 6% can be earned through interim payments to NADECOR and an additional 9% can be earned by funding a minimum of \$32,000,000 in capital development expenditures ("CapEx"), subject to adjustment according to outcomes contemplated in the MOU. To earn the full 60% potential interest in the Project, the Company will spend, or pay to NADECOR, a minimum of \$83,000,000, as outlined by the agreement summarized below and subject to adjustments for outcomes contemplated in the MOU. A significant variable which can change this minimum commitment is the planned tonnage throughput of mine operations. In the event that the Company's minimum commitment increases, the Company and NADECOR share in the economic benefit of cost savings against CapEx at the ratio of the earn-in. The Company also incurs costs related to the Project which do not qualify for progress towards the earn-in. The expenditure requirements and progress towards the payments are summarized as follows:

Item	Earn-in amount	June 30, 2023	December 31, 2022
Exclusivity payment to NADECOR (i)	\$ 400,000	\$ 400,000	\$ 400,000
Initial payment to NADECOR (ii)	3,100,000	3,100,000	3,100,000
Initial BFS funding (iii)	30,000,000	30,000,000	30,000,000
Incremental BFS funding (iv)	5,000,000	5,000,000	5,000,000
Incremental BFS funding (iv)	8,500,000	8,500,000	8,500,000
Payments to NADECOR (v)	4,000,000	1,231,000	1,231,000
CapEx funding (vi)	32,000,000	22,451,339	22,301,707
Totals	\$ 83,000,000	\$ 70,682,339	\$ 70,532,707

- (i) Direct payment to NADECOR made in 2009;
- (ii) \$3,000,000 was paid in 2010. The remaining \$100,000 was paid in 2012;
- (iii) Direct project expenditures made by the Company pursuant to the Preferred Shares Investment Agreement ("PSIA"). The full amount has been expended;
- (iv) Direct project expenditures after the fulfillment of \$30,000,000 required to be expended following the PSIA;
- (v) The timing of direct payments to NADECOR is contingent on events contemplated in the MOU. During 2011, \$981,000 was paid, \$250,000 was paid during 2013, and the balance is expected to be paid if the terms of the PFA are not fulfilled; and
- (vi) Total CapEx based on planned mine throughput. The minimum commitment is \$32,000,000, and is subject to adjustment depending on the planned throughput of the mine. PFS results indicate

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and six months ended June 30, 2023 and 2022

Financial disclosures are presented in U.S. dollars unless otherwise noted

throughput would increase the Company's CapEx commitment should the terms of the PFA not be completed.

A reconciliation of the progress made towards the earn-in to the amounts invested in mineral property included on the accompanying consolidated statements of financial position is as follows:

Reconciliation of Investment in mineral property to earn-in	June 30, 2023	December 31, 2022
Investment in mineral property	\$ 63,019,081	\$ 62,708,260
Qualifying fundraising costs	1,788,362	1,788,362
Other (i)	5,874,896	6,036,085
Estimated earn-in balance	\$ 70,682,339	\$ 70,532,707

(i) Other items include earn-in expenditures that do not qualify as direct mineral property expenditures.

4. Transactions with Nationwide Development Corporation

A. Project Framework Agreement ("PFA")

On October 3, 2013, the Company, NADECOR and Queensberry Mining & Development Corp. ("Queensberry, Note 6.C) executed the PFA, which was amended in August 2014. In November 2013, NADECOR's shareholders ratified the execution and implementation of the PFA. The Company received shareholder approval and conditional Toronto Stock Exchange ("TSX") approval in December 2013. The Company received shareholder approval and conditional TSX approval in July 2014 for the PFA amendment. NADECOR shareholders approved the PFA amendment in June 2014. The PFA amendment was executed on August 8, 2014. The amended PFA's purpose is to restructure and align NADECOR and the Company's financial interests in the Project. Upon completion of the amended PFA's terms, it will supersede the MOU and related agreements. The primary terms of this agreement, as amended, include the following completed items:

- In 2013, NADECOR established a mining company (King-king Mining Corporation; "KMC") which is 40% owned by NADECOR, 40% by the Company, and 20% by Queensberry (in accordance with Philippine nationality requirements). NADECOR is required to transfer the MPSA to KMC (Note 5.B);
- The Company extends a credit facility to NADECOR of up to ₱860,000,000 (approximately \$20,000,000), subject to available funds (Note 4.B);
 - During 2014 the Company settled NADECOR debts of ₱110,000,000 (approximately \$2,500,000) and \$2,218,810 in exchange for additions to the receivable under the credit facility (Note 4.B);
- In 2013 NADECOR reimbursed \$2,800,000 million in Project expenditures to the Company;
- In 2013 NADECOR acknowledged that the Company has earned-in to a 50% economic interest in the Project, and this interest remains in effect whether or not the other terms of the PFA are entirely fulfilled; and
- In June 2016, MGB approved the assignment of MPSA to KMC.

The primary terms of the agreement pending completion are:

- The Company's acquisition of 100% of a milling company (King-king Milling Corporation; "MillingCo") from NADECOR by issuing debt payable to NADECOR (MillingCo was incorporated on February 7, 2014), and provision of funds to build the mill facility;
- NADECOR's shareholders will acquire the receivable from the Company as a dividend;

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Notes to the consolidated financial statements

As at and for the three and six months ended June 30, 2023 and 2022

Financial disclosures are presented in U.S. dollars unless otherwise noted

- The Company will settle the debt payable (with a dividend to NADECOR's shareholders) in exchange for cash or Company shares from treasury (cash or share settlement is at NADECOR shareholders' discretion), up to a maximum issuance of 185,000,000 shares;
- The execution of an ore sales agreement between MillingCo and KMC, making MillingCo the exclusive buyer of KMC's ore;
- MillingCo's provision of loaned funds for KMC to build mining operation facilities; and
- A secondary public listing of the Company's shares on the Philippine Stock Exchange.

KMC (Note 5.B) will be loaned \$11,000,000 under a credit facility which has been committed to secure land acquisitions (\$10,000,000) and to compensate Queensberry (Note 6.C) for certain services provided (\$1,000,000). The Queensberry service contract contains milestone payments related to permitting and transfer of the MPSA to KMC, the Project joint venture. KMC paid \$500,000 of this amount as payable upon issuance of the ECC in April 2015. The Company had advanced \$7,500,000 of the facility to KMC at June 30, 2023 and December 31, 2022 (Note 5.B).

B. Note receivable from NADECOR

At June 30, 2023, NADECOR owed the Company \$6,420,883 under the terms of the facility established by the amended PFA (Note 4.A) (December 31, 2022 – \$5,220,022). The balance includes ₱110 million (approximately \$2,500,000) advanced in cash to settle NADECOR's debt to Queensberry and Company shares issued against other NADECOR debts, valued at \$2,218,810, as well as other advances and accrued interest. The note matures October 3, 2023, at which time a single installment for principal and accrued interest is due. The maturity date can be extended an additional fifteen years at NADECOR's option. The note accrues interest at one-year LIBOR per annum until the date of commercial production of the Project, at which time interest will accrue at one-year LIBOR plus 2%. The note may be repaid at any time without premium or penalty.

C. Investment in NADECOR

On March 15, 2013, the Company executed an agreement with NADECOR (the "NADECOR Subscription") whereby the Company acquired 25% of NADECOR's common shares for ₱1.8 billion (\$43,520,407). The terms of this agreement were fully executed in 2013 and the Company holds 25% of NADECOR's issued and outstanding common stock.

The Company accounts for its investment in NADECOR as an investment in an associate using the equity method.

NADECOR's ability to transfer funds to the Company in the form of cash dividends is limited by law while NADECOR has an accumulated deficit. The law does not have significant restrictions on NADECOR's ability to repay Philippine loans or advances made by the Company.

Below is the summarized financial information of NADECOR prepared under IFRS for the six months ended June 30, 2023 and 2022, acknowledging fair value adjustments made at the date of the acquisition and reconciliation with the carrying amount of the investment in the consolidated financial statements:

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and six months ended June 30, 2023 and 2022

Financial disclosures are presented in U.S. dollars unless otherwise noted

Item	June 30, 2023		June 30, 2022	
Current assets	\$	29,198	\$	30,779
Non-current assets		134,265,200		134,320,644
Current liabilities		(921,969)		(979,010)
Non-current liabilities		(6,420,883)		(5,535,501)
Net assets	\$	126,951,546	\$	127,836,912
Share of net assets		25%		25%
Carrying amount on statement of financial position	\$	31,737,886	\$	31,959,228
Loss	\$	(67,055)	\$	(118,279)
Foreign exchange translation loss		1,203		(10,301,282)
Comprehensive loss	\$	(65,852)	\$	(10,419,561)
Share of comprehensive loss		25%		25%
Proportionate share of loss	\$	(16,764)	\$	(29,570)
Proportionate share of translation gain (loss)	\$	301	\$	(2,575,321)
Proportionate share of total comprehensive loss	\$	(16,463)	\$	(2,604,890)

5. Investments in joint ventures

The Company is invested in two joint ventures.

A. Kingking Gold and Copper Mines, Inc. ("KGCMI")

The Company has invested cash totaling \$752,913 in KGCMI through June 30, 2023 and December 31, 2022, in exchange for 40% of KGCMI's voting common shares. At June 30, 2023 and December 31, 2022, the Company was owed \$nil for advances made to KGCMI.

KGCMI was incorporated to become the joint venture entity to hold the rights to develop and operate the Project in the Philippines. However, NADECOR arranged for a new entity, KMC (Note 5.B), to hold the rights to develop and operate the Project. It is expected that the assets and liabilities of KGCMI will be distributed to KMC. The Company accounts for this investment using the equity method; accordingly, the investment will be adjusted for the Company's share of profit and loss at each reporting period. As a Project site operating entity, KGCMI's expenses are capitalized, and the Company did not report a loss attributable to KGCMI in the Financial Statements.

At June 30, 2023 and December 31, 2022, KGCMI had current assets of approximately of \$43,000, non-current assets of approximately \$520,000, current liabilities of approximately \$163,000, and non-current liabilities of approximately \$50,000.

B. Kingking Mining Corporation ("KMC")

KMC was incorporated on October 30, 2013, to take KGCMI's (Note 5.A) role as the entity which will hold the rights to develop and operate the Project in the Philippines. The Company had invested \$58,706 in KMC through June 30, 2023 and December 31, 2022.

The Company continues to advance funds to KMC for joint venture operations. At June 30, 2023, the Company was owed \$2,299,669 for advances made to KMC (December 31, 2022 – \$2,451,621). During the six months ended June 30, 2023, the amount advanced to KMC was increase and decreased by \$168,348 (2022 – \$261,681) due to comprehensive loss from the Company's investment in KMC, respectively.

At June 30, 2023, KMC owed the Company \$8,714,332, comprised of \$7,500,000 in principal and \$ 1,214,332 in accrued interest (December 31, 2022 - \$8,536,865; \$7,500,000 for principal and \$1,036,865 for accrued

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interest) under the credit facility established concurrent with amended PFA (Note 4.A). The credit facility to KMC charges interest at the one-year LIBOR per annum until the date of commercial production, at which time the rate is one-year LIBOR plus 2%. The facility is due in one payment in August 2024 and can be paid before maturity without penalty, and can be extended by a further 15 years at the option of KMC.

Below is the summarized financial information of KMC prepared under IFRS for the six months ended June 30, 2023 and 2022 and reconciliation with the carrying amount of the investment on the consolidated statements of financial position:

Item	June 30, 2023	June 30, 2022
Current assets	\$ 329,806	\$ 337,212
Non-current assets	11,908,210	11,603,982
Current liabilities	(11,050,187)	(10,002,446)
Non-current liabilities	(7,633,206)	(7,514,267)
Net liabilities	\$ (6,445,377)	\$ (5,575,519)
Loss	\$ (287,520)	\$ (1,054,088)
Foreign exchange translation gain (loss)	(133,352)	399,882
Comprehensive loss	\$ (420,870)	\$ (654,206)
Share of comprehensive loss	40%	40%
Proportionate share of loss	\$ (115,008)	\$ (421,635)
Proportionate share of translation income (loss)	\$ (53,341)	\$ 159,953
Proportionate share of total comprehensive loss	\$ (168,348)	\$ (261,681)

The carrying amount of the Company's investments in KMC and KGCMI totaled \$nil as at June 30, 2023 and December 31, 2022. The Company carries its investment in KMC at \$nil and the Company has reduced its advances to joint ventures for losses in excess of the Company's carrying value investment in KMC. During the six months ended June 30, 2023, the Company's share of KMC's total comprehensive loss was \$168,348 (2022 – \$261,681) which also decreased the Company's advances to joint ventures.

6. Related party transactions

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following related parties transacted with the Company in the reporting period of these Financial Statements. The terms and conditions of the transactions with key management personnel and their related parties are made at terms equivalent to those that prevail on similar transactions to non-key management personnel related entities at an arm's length basis.

A. Transactions with officers and directors

The aggregate value of transactions with officers and directors is as follows:

Compensation	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Officer salaries and director compensation	\$ 232,866	\$ 176,765	\$ 397,131	\$ 341,031
Share-based compensation	-	-	-	-
Total	\$ 232,866	\$ 176,765	\$ 397,131	\$ 341,031

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As at June 30, 2023, a total of \$681,697 is owed to key management in relation to salaries and compensation (December 31, 2022 - \$742,204). This amount has been included in accounts payable and accrued wages on the consolidated statement of financial position. Wage expenses capitalized into the mineral asset during the six months ended June 30, 2023 was \$110,000 (2022 - \$110,000).

B. Transactions with Other Related Parties

Transactions	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Services rendered:				
Dentons Canada LLP (i)	\$ -	\$ 2,772	\$ 19,171	\$ 22,735
Agata Mining Ventures, Inc. (Note 6.E)	(14,828)	(29,806)	(30,014)	(50,154)
TVI Resource Development Phils., Inc. (Note 6.F)	(5,392)	(5,773)	(10,914)	(17,885)
Related party receivable	June 30, 2023	December 31, 2022		
NADECOR (Note 4.B)	\$ 6,420,883	\$ 5,220,022		
KMC note receivable (Note 5.B)	8,714,332	8,536,865		
KMC advances receivable (Note 5.B)	2,299,669	2,451,621		
Total	\$ 17,434,884	\$ 16,208,508		
Related party balances payable	June 30, 2023	December 31, 2022		
Dentons Canada LLP (i)	\$ -	\$ 6,608		
Queensberry (Note 6.C)	1,342,758	1,121,794		
Prime Asset Ventures, Inc. (Note 6.D)	647,213	643,321		
Faithful Holdings, Inc. (Note 6.G)	202,405	200,424		
Total	\$ 2,192,376	\$ 1,972,147		

The aggregate value of transactions and outstanding balances with other related parties were as follows:

- (i) In 2023 and 2022, Dentons Canada LLP did act as the Company's securities counsel and the partner of the account was also the Corporate Secretary.

C. Queensberry Mining and Development Corp. ("Queensberry")

The Company and Queensberry are party to agreements described in Note 4. The Company's CEO, Manuel Paolo A. Villar, is the majority shareholder of Faithful Holdings, Inc., the new parent of Queensberry. Queensberry is the Company's largest shareholder. Queensberry has entered into management service agreements with the Company and KMC, effective May 2015 ("May 2015 Service Agreement") and November 2014 ("November 2014" Service Agreement"), to compensate Queensberry ₱800,000 and ₱560,000 per month (approximately \$17,500 and \$12,000), respectively. Queensberry received \$500,000 from KMC as payable upon issuance of the ECC in April 2015 in accordance with the service contract (Note 4.A). As at June 30, 2023, Queensberry had total advances to the Company amounting to \$1,342,758 (December 31, 2022 - \$1,121,794).

On May 26, 2023, the Company concluded a private placement with Queensberry, covering 91,778,683 common shares at a subscription price of CAD\$0.041248594 per share, for a total investment of CAD\$3,785,742.

D. Prime Asset Ventures Inc. ("PAVI")

In 2016, Queensberry assigned the May 2015 Service Agreement and November 2014 Service Agreement to PAVI, the former parent company of Queensberry. The Company's CEO is the majority shareholder of PAVI.

E. Agata Mining Ventures, Inc. ("AMVI")

The Company and AMVI, an affiliate, entered into a contract for services in March 2018 wherein the Company shall render technical services, legal consultancy and administration services to AMVI for a monthly fee of ₱525,000.

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F. TVI Resource Development Phils., Inc. (“TVIRD”)

The Company and TVIRD, an affiliate, entered into a contract for services in March 2018 wherein the Company shall render legal consultancy and administration services to TVIRD for a monthly fee of ₱100,000.

G. Faithful Holdings Inc. (FHI)

In 2019, PAVI assigned the May 2015 Service Agreement and November 2014 Service Agreement to FHI. In 2020, the May 2015 Service Agreement was not renewed.

7. Shareholders' equity

A. Share capital

The Company is authorized to issue an unlimited number of common shares of no par value.

Under the terms of the amended PFA (Note 4.A), the Company issued 19,000,000 shares to settle certain NADECOR debts, which increased the Company's note receivable from NADECOR. The shares were valued at \$2,218,810, which was the value of the debts settled to the underlying creditors. The Company credited equity for this amount, as well as loss attributable to the change in the fair value of the liability of \$726,190 (Note 4.B), for a total of \$2,945,000.

On May 26, 2023, the Company concluded a private placement with Queensberry, covering 91,778,683 common shares at a subscription price of CAD\$0.041248594 per share, for a total investment of CAD\$3,785,742.

B. Share option reserves

The Company has a share option plan approved by the Company's shareholders that allows the Board of Directors to grant options to employees, officers, independent contractors, and directors. Shares reserved and available for grant and issuance equals 10% of the total issued and outstanding common shares as calculated from time to time. Under the plan, the exercise price of each option cannot be less than the market price of the Company's stock on the date of grant. The options are granted for a term determined by the Board of Directors.

Options generally expire 90 days following employment termination and vest over a two-year period, although individual option contract terms may change the standard terms under the plan at the discretion of the Board of Directors.

Share option reserves totalled \$12,033,926 at June 30, 2023 and December 31, 2022.

8. Earnings (loss) per share (“EPS”)

A. Basic EPS

Basic EPS is computed by dividing net loss for the year by the weighted average number of common shares outstanding during that year.

B. Diluted EPS

Diluted EPS is computed by dividing net loss for the year by the diluted number of common shares. Diluted common shares include the effects of instruments, such as share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the six months ended June 30, 2023 and 2022; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the consolidated statements of comprehensive loss. Diluted EPS did not include the effect of share options as they were anti-dilutive.

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9. 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 continued evaluation of (and future development of) its Project and to maintain a flexible capital structure which optimizes costs of capital at an acceptable risk.

In the management of capital, the Company considers items included in equity attributable to shareholders to be capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

To facilitate the management of its capital requirements, the Company prepares annual expenditures budgets which are updated as necessary depending on various factors, including general industry conditions. The annual and updated budgets are approved by the Company's Board of Directors.

There were no changes to the Company's approach to managing capital during the six months ended June, 2023.

10. Commitments and contingencies

A. NADECOR

i. Commitments related to NADECOR

The Company's commitments to NADECOR are described in Note 3.

NADECOR has committed to pay a royalty fee of one percent (1.0%) of the Project's gross production to the Mansaka Indigenous Cultural Communities/Indigenous Peoples. This fee was contemplated at one percent in the Technical Report with an effective date of February 25, 2013 and filed on www.sedar.com on November 1, 2013, and therefore does not change the Company's Project economic disclosures made in other publicly available disclosures.

ii. Lawsuit initiated by Benguet Corporation (BC) against NADECOR

A Complaint for rescission of contract; specific performance; loss of period of payment; to declare a lien on the MPSA; plus attorney's fees and damages was filed in court by Benguet Corporation (BC) under date of October 10, 2019, naming NADECOR as the principal defendant. On February 2, 2022, a court-issued summons was served upon the Company. It must be noted that the Company is not doing business in the Philippines, hence, there are established rules for the proper service of summons upon foreign-registered entities, which Benguet and the court process server did not comply with. The directors are still of the opinion that the claim can be successfully resisted by the Company, and therefore no amounts have been accrued as at June 30, 2023.

B. Investments in joint ventures

i. KGCM I

The Company has subscribed to 40% of KGCM I. At this time, the Company has not yet received the share certificates as a result of the above referred NADECOR internal board dispute, as NADECOR is a 60% owner of KGCM I. The Company has received legal advice that their rights to the shares of KGCM I are protected by the share subscription agreement between the Company and KGCM I. A new entity has been incorporated to take the place of KGCM I's business purpose (Note 5.A).

ii. KMC

KMC (Note 5.B), the entity to which MPSA has been assigned to in 2016, was incorporated in October 2013.

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KMC has a \$3,000,000 payable due upon the finalization of a land purchase agreement and a \$500,000 outstanding milestone payment due to Queensberry (Note 4.A) upon a triggering event, both of which will be financed by the Company as per the note receivable set out in Note 4.A.

A. Other

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the opinion of management, there are no matters that could have a material effect on these consolidated financial statements which require additional disclosure.