

St. Augustine Gold and Copper Limited

Consolidated Financial Statements

As at and for the years ended December 31, 2022 and 2021
Presented in U.S. dollars

Dated as of March 29, 2023

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Management's Responsibility for Financial Statements

In management's opinion, the accompanying consolidated financial statements of St. Augustine Gold and Copper Limited have been prepared within reasonable limits of materiality and in accordance with International Financial Reporting Standards. The determination of many assets and liabilities necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to March 30, 2023. Management is responsible for all information in the annual report and for the consistency, therewith, of all other financial and operating data presented in this report.

To meet its responsibility for reliable and accurate financial statements, management has established and monitors systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization.

The consolidated financial statements have been audited by Davidson & Company LLP, Chartered Professional Accountants. Their responsibility is to express a professional opinion on the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. The Auditor's Report outlines the scope of its audit and sets forth its opinion.

St. Augustine Gold and Copper Limited's Audit Committee, consisting exclusively of independent directors, has reviewed these statements with management and the Auditors and has recommended their approval to the Board of Directors. The Board of Directors has approved the consolidated financial statements herein.

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Manuel Paolo A. Villar
Chief Executive Officer

ÍG⇆ B98Î

Cynthia Marie S. Delfin
Chief Financial Officer

Makati City, Philippines

March 30, 2023

St. Augustine Gold and Copper Limited
Consolidated statements of financial position
As at December 31, 2022 and 2021
(Presented in U.S. dollars)

	Notes	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash		\$ 150,015	\$ 183,111
Prepays and other current assets		110,265	99,338
Total current assets		260,280	282,449
Non-current assets			
Investment in mineral property	3	62,708,260	62,060,929
Investment in NADECOR	4.C	31,501,588	34,564,118
Note receivable from NADECOR	4.B	5,220,022	5,391,518
Advances to joint ventures	5.B	2,451,621	2,772,158
Note receivable from joint venture	5.B	8,536,865	8,356,559
Other non-current assets		196,280	196,280
Total non-current assets		110,614,636	113,341,562
Total assets		\$ 110,874,916	\$ 113,624,011
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued wages	6.A	\$ 1,221,823	\$ 3,457,398
Due to related parties	6.B	1,972,147	1,336,335
Total current liabilities		3,193,970	4,793,733
Shareholders' equity			
Share capital	7.A	136,582,004	133,601,047
Share option reserves	7.B	12,033,926	12,033,926
Warrant reserves		1,215,488	1,215,488
Accumulated deficit		(29,502,847)	(28,513,743)
Accumulated other comprehensive loss		(12,647,625)	(9,506,440)
Total equity		107,680,946	108,830,278
Total liabilities and shareholders' equity		\$ 110,874,916	\$ 113,624,011

Commitments and contingencies 12

The accompanying notes are an integral part of these audited 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

Consolidated statements of loss and comprehensive loss
For the years ended December 31, 2022 and 2021
(Presented in U.S. dollars)

	Notes	Year ended December 31,	
		2022	2021
Operating expenses			
Wages expenses	6.A	\$ 220,000	\$ 220,000
General and administrative costs		406,610	349,921
Total operating expenses		(626,610)	(569,921)
Interest income		420,282	44,667
Foreign exchange loss		(101,852)	(46,903)
Other income	6.B	105,279	125,397
Other expense		-	(798,936)
Total other income		423,709	(675,775)
Loss from investment in NADECOR	4.C	(165,745)	(105,120)
Loss from investments in joint ventures	5.B	(617,349)	(388,645)
Loss before income tax expense		(985,995)	(1,739,461)
Income tax expense	8	(3,109)	(2,702)
Loss		(989,104)	(1,742,163)
Foreign exchange translation loss		(3,141,185)	(2,287,956)
Total comprehensive loss		\$ (4,130,289)	\$ (4,030,119)
Loss per common share, basic and diluted	9	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding, basic and diluted		890,083,287	796,935,193

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

St. Augustine Gold and Copper Limited
Consolidated statements of cash flows
For the years ended December 31, 2022 and 2021
(Presented in U.S. dollars)

	Notes	Year ended December 31,	
		2022	2021
Cash flows from operating activities			
Loss		\$ (989,104)	\$ (1,742,163)
Effects of foreign currency changes		189,877	47,578
Interest income		(420,282)	(44,667)
Impairment loss			797,227
Loss from investment in NADECOR	4.C	165,745	105,120
Loss from investments in joint ventures	5.B	617,349	388,645
Changes in operating working capital		(1,412,594)	(5,605)
Net cash used by operating activities		(1,849,009)	(453,865)
Cash flows from investing activities			
Increase in investment in mineral property	3	(648,779)	(647,347)
Advances to joint ventures	5.B	(117,765)	(94,876)
Changes in investing working capital		(974,127)	433,382
Interest income		1,367	534
Net cash used by investing activities		(1,739,304)	(308,307)
Cash flows from financing activities			
Private placement of shares		2,980,957	-
Advances from related party	6.C	702,702	790,492
Net cash provided by financing activities		3,683,659	790,492
Net increase in cash		95,346	28,320
Effect of exchange rate changes on cash		(128,442)	(70,290)
Cash, beginning of year		183,111	225,081
Cash, end of year		\$ 150,015	\$ 183,111

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

During the year ended December 31, 2021, the Company issued 110,026,092 common shares to settle \$4,208,701 in due to related parties and \$119,729 in accounts payable and accrued liabilities.

There were no significant non-cash investing or financing activities for the year ended December 31, 2022.

St. Augustine Gold and Copper Limited

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2022 and 2021

(Presented in U.S. dollars)

	Notes	Shares	Share capital	Share option reserves	Warrant reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance, January 1, 2021		726,758,334	\$ 129,272,617	\$ 12,033,926	\$ 1,215,488	\$ (26,771,580)	\$ (7,218,484)	\$ 108,531,967
Equity conversion	7.A	110,026,092	4,328,430					4,328,430
Foreign exchange translation loss		-	-	-	-	-	(2,287,956)	(2,287,956)
Loss		-	-	-	-	(1,742,163)	-	(1,742,163)
Balance, December 31, 2021		836,784,426	133,601,047	12,033,926	1,215,488	(28,513,743)	(9,506,440)	108,830,278
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
Private placement	7.A	82,841,658	2,980,957					2,980,957
Foreign exchange translation loss		-	-	-	-	-	(3,141,185)	(3,141,185)
Loss		-	-	-	-	(989,104)	-	(989,104)
Balance, December 31, 2022		919,626,084	\$ 136,582,004	\$ 12,033,926	\$ 1,215,488	\$ (29,502,847)	\$ (12,647,625)	\$ 107,680,946

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

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

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 was 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, Province of Compostela Valley, on Mindanao Island, Philippines.

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 consolidated financial statements, prepared as at and for years ended December 31, 2022 and 2021 (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 \$29,502,847 through December 31, 2022 (December 31, 2021 - \$28,513,743). The Company had a working capital deficit of \$2,933,690 at December 31, 2022 (December 31, 2021 - \$4,511,284); and, the Company has \$3,500,000 in commitments remaining to a joint venture investee (Note 12.B). Further, additional funds must be raised in order to 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.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

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

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, has 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 ability to raise funds.

These Financial Statements were authorized for issue by the Board of Directors on March 29, 2023.

2. Significant accounting policies

A. Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting year ended December 31, 2022.

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 (Note 13). 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.

The most significant judgments and estimates relate to the following:

i. Impairment assessment of investment in mineral property

Management determines at each reporting period whether there are any indicators of impairment. If there are indicators, the carrying value of the investment in mining property is compared to the recoverable amount to calculate the amount of the impairment. If no indicators of impairment are identified, no impairment test is performed. At December 31, 2022, the Company determined that no indicators of impairment exist. Management believes that the Company and NADECOR have complied with the terms of the MPSA agreement with the Philippine government and that the Company and NADECOR will be able to continue to obtain, as needed, the approvals from the government that are required under the MPSA to develop and complete the Kingking Project.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

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

On February 22, 2017, KMC received a show cause order from the DENR directing KMC to explain why the MPSA should not be cancelled for being located within a protected watershed area. On February 27, 2017, management of KMC responded to the show cause order providing detailed explanation that there is no factual and legal basis to validly cancel, terminate or suspend the MPSA.

The matter is currently awaiting a decision from the DENR. However, in the Company's view, the likelihood of the MPSA being cancelled is remote.

ii. Determination of cash-generating units

Cash-generating units are identified at the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Since inception, the Company has not generated cash from operations; its sole potential cash-generating unit is its interest in the Project mineral asset. This value is held through the Company's investment in mineral property, investment in NADECOR and investments in joint ventures.

iii. Significant influence over associates

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in NADECOR is an investment in associate.

iv. Determination of joint control

When the Company is party to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company's investments in joint ventures are described in detail at Note 5.

v. Deferred taxes

Deferred tax is recognized providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

F. Functional and presentation currency

The Company's functional and presentation currency is the U.S. dollar ("\$"). The functional currency of all material subsidiaries is the Philippine peso, and the functional currency of Kingking Mining Corporation ("KMC"), NADECOR and Kingking Gold and Copper Mines, Inc. ("KGCM") is the Philippine peso.

G. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies (whose functional currency is other than the U.S. dollar) are translated to U.S. dollars at the average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the period end exchange rate. Foreign currency differences arising on translation are recognized in profit or loss in the period in which they arise.

ii. Foreign operations

Assets and liabilities of foreign operations (whose functional currency is other than the U.S. dollar) are translated into U.S. dollars at period end exchange rates while income and expenses are translated

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using average rates for the period. Gains and losses from the translation are deferred and included in the cumulative translation adjustment which is part of accumulated other comprehensive income (loss).

H. Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

I. Cash

Cash includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

J. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is related to the actual costs and expenses associated with placing the property in service. Property and equipment is classified by type (building or leasehold improvement, vehicle, equipment, and furniture and fixtures) and by useful life (3, 5, or 10 years). All property and equipment has been depreciated on a straight-line basis over the useful life of the asset. When components of an item of property and equipment have different useful lives, they are depreciated separately. The gain or loss on disposal of any item of property is determined by comparing the proceeds from disposal with the carrying amount of the property and any gain or loss is recognized in the statement of loss and comprehensive loss. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting period, and adjusted prospectively, if appropriate.

K. Investment in mineral property

The Company's directed purpose is to develop the Project under an agreement with NADECOR and will receive an economic interest in a joint venture based upon certain required expenditures being incurred. Those expenditures which are directly allowed under the MOU are included in the investment in mineral property account. Amounts not allowed to earn-in are either reported in the investment in mineral property under IFRS 6 – Exploration for and Evaluation of Mineral Resources, or expensed, depending on the character of the expenditure. Under the terms of the MOU, accrued amounts earn-in upon cash settlement. As more fully described in Note 4.A, an agreement was signed in October 2013 and amended in August of 2014, which will eventually supersede the terms of the MOU.

Direct costs related to the acquisition, exploration and evaluation of the Project are capitalized until the viability of the property is determined. Once economic viability is established, qualifying expenditures will be capitalized in accordance with relevant standards until production commences. Management periodically reviews any

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impairment indicators on the Project, taking into consideration the results of exploration and evaluation activities, estimated mineral market prices, reports of experts and other relevant information. If the Project is to be abandoned or is determined to be impaired, the investment will be adjusted to fair value.

L. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

M. Financial instruments

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of IAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

i. Classification, measurement and reclassification of financial assets in accordance with IFRS 9

Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

All of the Company's financial assets meet these criteria and are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as cash, note receivable from NADECOR, advances to joint ventures, and note receivable from joint venture.

For purposes of cash flows reporting and presentation, cash in banks generally earn interest based on daily bank deposit rates. These are unrestricted and readily available for use in the Company's operations and are subject to insignificant risks of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying

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amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of interest income.

ii. Impairment of financial assets under IFRS 9

The Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

iii. Derecognition of financial assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

iv. Equity and financial liabilities

Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the appropriate reporting standard.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

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Notes to the consolidated financial statements

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Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavorable conditions. Financial liabilities also include contracts which may be settled in an entity's equity instruments.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued wages and due to related parties as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

N. Share-based payments

The share option plan allows the Company's management, consultants and other qualified individuals to acquire shares of the Company. The fair value of share purchase options granted is recognized as compensation expense or capitalized to investment in mineral property depending on the nature of the services provided, with a corresponding increase in equity. The fair value of share-based payments is calculated using the Black-Scholes model. Equity attributable to share-based compensation is reclassified as share capital equity upon exercise.

In situations where equity instruments are issued to non-employees and the goods and services received cannot be reliably valued, then they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The cost of equity-settled transactions is recognized, together with a corresponding increase in share option reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest. When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified, if the original terms of the award are met. Additional charges are recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. If a new award is substituted for a cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

O. Earnings (Loss) per share

Earnings (loss) per share ("EPS") is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed in a manner similar to basic EPS except that the weighted average number of common outstanding are increased to include additional common shares for the assumed exercise of share options and warrants, if dilutive. The number of additional common shares is calculated by assuming that outstanding share

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options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting years.

P. Leases as lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Q. Provisions

The Company reports provisions when the following conditions are met:

- an entity has a present obligation (legal or constructive) because of a past event;
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Whether or not a present obligation exists is determined by examining all available evidence, and whether the evidence suggests that an obligation is more likely than not present.

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R. Investments in other entities

The Company accounts for investments below the threshold of having significant influence at fair value, depending on the nature of the investment. If the Company moves beyond the threshold of having significant influence, the cost of the investment is deemed to be the initial cost as the basis for the use of the equity method of accounting for the investment.

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company's portion of the investees' comprehensive profit or loss through the Company's consolidated statement of loss and comprehensive loss. The Company's share of profit or loss of an associate is shown on the face of the consolidated statement of loss and comprehensive loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in associate, which has also been grouped with the Company's investment in mineral property as a cash-generating unit for impairment consideration. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated statement of loss and comprehensive loss.

If the Company is party to a joint arrangement, an assessment is made as to whether the relationship is a joint venture or a joint operation. This determination is driven by the Company's rights and obligations under the agreement that formed the joint arrangement. Joint operations are recognized by the Company to the extent of the Company's share of the assets, liabilities, revenues and expenses relating to its involvement in the joint operation. Joint ventures are accounted for using the equity method under IAS 28.

After application of the equity method to its investments in joint ventures, the Company determines whether it is necessary to recognise an impairment loss on its investments in joint ventures. At each reporting date, the Company determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated statement of loss and comprehensive loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

S. Standards issued but not yet effective

i. Amendments to IAS 1, Presentation of Financial Statements

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Company assessed that there is no impact of adoption of the amendment in its 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 December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Beginning balance	\$ 62,060,929	\$ 61,392,584
Additions	647,331	668,345
Ending balance	\$ 62,708,260	\$ 62,060,929

The above table includes capitalized depreciation for the year ended December 31, 2022 of \$nil (2021 – \$22,418).

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 December 31, 2022.

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	December 31, 2022	December 31, 2021
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	22,301,707	21,435,140
Totals	\$ 83,000,000	\$ 70,532,707	\$ 69,666,140

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- (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.

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	December 31, 2022	December 31, 2021
Investment in mineral property	\$ 62,708,260	\$ 62,060,929
Qualifying fundraising costs	1,788,362	1,788,362
Other (i)	6,036,085	5,816,849
Estimated earn-in balance	\$ 70,532,707	\$ 69,666,140

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

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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;
- 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 December 31, 2022 and 2021 (Note 5.B).

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B. Note receivable from NADECOR

At December 31, 2022, NADECOR owed the Company \$5,220,022 under the terms of the facility established by the amended PFA (Note 4.A) (December 31, 2021 – \$5,391,518). 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. It is the Company's belief, considering historical delays on commencing development of the Kingking project, that NADECOR will exercise its option to extend the maturity date, or the note will be renegotiated. Accordingly, long-term presentation remains appropriate. 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 years ended December 31, 2022 and 2021, 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:

Item	December 31, 2022	December 31, 2021
Current assets	\$ 40,023	\$ 25,348
Non-current assets	132,939,847	145,118,847
Current liabilities	(1,753,495)	(1,496,206)
Non-current liabilities	(5,220,022)	(5,391,518)
Net assets	\$ 126,006,353	\$ 138,256,471
Share of net assets	25%	25%
Carrying amount on statement of financial position	\$ 31,501,588	\$ 34,564,118
Loss	\$ (662,978)	\$ (420,478)
Foreign exchange translation loss	(11,587,145)	(8,647,597)
Comprehensive loss	\$ (12,250,123)	\$ (9,068,075)
Share of comprehensive loss	25%	25%
Proportionate share of loss	\$ (165,745)	\$ (105,120)
Proportionate share of translation loss	\$ (2,896,786)	\$ (2,161,899)
Proportionate share of total comprehensive loss	\$ (3,062,531)	\$ (2,267,019)

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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 December 31, 2022 and 2021, in exchange for 40% of KGCMI's voting common shares. At December 31, 2022 and 2021, the Company had a balance of \$nil recorded for its investment in 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 December 31, 2022 and 2021, 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 December 31, 2022 and 2021.

The Company continues to advance funds to KMC for joint venture operations. At December 31, 2022, the Company was owed \$2,451,621 for advances made to KMC (December 31, 2021 – \$2,772,158). During the year ended December 31, 2022, the amount advanced to KMC decreased by \$449,242 (2021 – \$268,464) due to comprehensive loss from the Company's investment in KMC.

At December 31, 2022, KMC owed the Company \$8,536,865, comprised of \$7,500,000 in principal and \$1,036,865 in accrued interest (December 31, 2021 - \$8,356,559; \$7,500,000 for principal and \$856,559 for accrued 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 years ended December 31, 2022 and 2021 and reconciliation with the carrying amount of the investment on the consolidated statements of financial position:

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Item	December 31, 2022	December 31, 2021
Current assets	\$ 332,411	\$ 362,648
Non-current assets	11,657,211	12,360,569
Current liabilities	(10,471,983)	(10,142,525)
Non-current liabilities	(7,542,144)	(7,509,441)
Net liabilities	\$ (6,024,505)	\$ (4,928,749)
Loss	\$ (1,543,373)	\$ (971,613)
Foreign exchange translation gain	420,266	300,452
Comprehensive loss	\$ (1,123,107)	\$ (671,161)
Share of comprehensive loss	40%	40%
Proportionate share of loss	\$ (617,349)	\$ (388,645)
Proportionate share of translation income	\$ 168,106	\$ 120,181
Proportionate share of total comprehensive loss	\$ (449,243)	\$ (268,464)

The carrying amount of the Company's investments in KMC and KGCM I totaled \$nil as at December 31, 2022 (2021 – \$nil). 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 year December 31, 2022, the Company's share of KMC's total comprehensive loss was \$449,242 (2021 – income was \$268,464) which also decreased and increased the Company's advances to joint ventures, respectively.

6. Related party transactions

Certain key management personnel, including directors and officers, 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.

A. Transactions with officers and directors

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

Compensation	Year ended December 31,	
	2022	2021
Officer salaries and director compensation	\$ 632,663	\$ 642,063
Share-based compensation	-	-
Total	\$ 632,663	\$ 642,063

As at December 31, 2022, a total of \$742,204 is owed to key management in relation to salaries and compensation (December 31, 2021 - \$3,130,561). 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 year ended December 31, 2022 was \$220,000 (2021 - \$220,000).

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B. Transactions with Other Related Parties

Transactions	Year ended December 31,	
	2022	2021
Services rendered:		
Dentons Canada LLP (i)	\$ 27,400	\$ 33,968
Agata Mining Ventures, Inc. (Note 6.E)	(82,646)	(101,124)
TVI Resource Development Phils., Inc. (Note 6.F)	(22,633)	(24,273)
Related party receivable	December 31, 2022	December 31, 2021
NADECOR (Note 4.B)	\$ 5,220,022	\$ 5,391,518
KMC note receivable (Note 5.B)	8,536,865	8,356,559
KMC advances receivable (Note 5.B)	2,451,621	2,772,158
Total	\$ 16,208,508	\$ 16,520,235
Related party balances payable	December 31, 2022	December 31, 2021
Dentons Canada LLP (i)	\$ 6,608	\$ 17,061
Queensberry (Note 6.C)	1,121,794	419,092
Prime Asset Ventures, Inc. (Note 6.D)	643,321	680,723
Faithful Holdings, Inc. (Note 6.G)	200,424	219,459
Total	\$ 1,972,147	\$ 1,336,335

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

- (i) In 2022 and 2021, 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 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 December 31, 2022, Queensberry had total advances to the Company amounting to \$1,121,794 (December 31, 2021 - \$419,092).

On March 19, 2021, the Company received conditional approval from the TSX to settle \$2,554,265 of debt owed to Queensberry through the issuance of 70,176,859 common shares of the Company. After full compliance with documentary requirements required, on April 13, 2021, the TSX gave its final approval to the debt-to-equity transaction between the Company and Queensberry. In addition, on December 9, 2021, the Company converted \$1,654,436 of debt owed to Queensberry through the issuance of 37,160,039 common shares of the Company.

On August 4, 2022, the Company concluded a private placement with Queensberry, covering 82,841,658 common shares at a subscription price of CAD\$0.046311119 per share, for a total investment of CAD\$3,836,490 (\$2,980,957).

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.

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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.

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.

On March 19, 2021, the Company received conditional approval from the TSX to settle \$2,554,265 of debt owed to Queensberry through the issuance of 70,176,859 common shares of the Company. After full compliance with documentary requirements required, on April 13, 2021, the TSX gave its final approval to the debt-to-equity transaction between the Company and Queensberry. In addition, on December 9, 2021, the Company converted \$1,654,436 and \$119,729 of debt owed to Queensberry and former officers, respectively, through the issuance of 39,849,233 common shares of the Company.

On August 4, 2022, the Company concluded a private placement with Queensberry, covering 82,841,658 common shares at a subscription price of CAD\$0.046311119 per share, for a total investment of CAD\$3,836,490 (\$2,980,957).

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 December 31, 2022 and 2021.

8. Income taxes

A. Current income taxes

The major components of income tax expense for the years ended December 31, 2022 and 2021 are:

	December 31,	
	2022	2021
Current tax expense	\$ 3,109	\$ 2,702
Deferred tax expense	-	-
Income tax expense	\$ 3,109	\$ 2,702

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Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation between tax expense and the accounting loss multiplied by the Company's domestic tax rate for the years ended December 31, 2022 and 2021 is as follows:

	December 31,	
	2022	2021
Expected tax benefit at statutory income tax rate of 0%	\$ -	\$ -
Tax rate differential	(27,980)	(28,987)
Permanent differences	24,241	35,526
Deferred tax asset not recognized	6,848	(3,838)
Tax Expense	\$ 3,109	\$ 2,702

B. Unrecognized tax losses / unrecognized deductible temporary differences

As of December 31, 2022, the Company has estimated non-capital losses for foreign income tax purposes that may be carried forward to reduce taxable income derived in future years, totaling approximately \$533,000 for which no deferred tax asset was recognized. The majority of the operating losses were incurred in the Netherlands, approximately \$475,000, which begin expiring in 2023.

9. 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 losses for the years ended December 31, 2022 and 2021; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the consolidated statements of comprehensive loss.

10. 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.

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There were no changes to the Company's approach to managing capital during the year ended December 31, 2022. The Company is not subject to any external restrictions.

11. Financial instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. At December 31, 2022, the Company's financial instruments include cash, advances to joint ventures, notes receivable, accounts payable and accrued wages and due to related parties for which there are no differences in the carrying values and fair values. The types of risk exposures are detailed below.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

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

The financial risk arising from the Company's operations are credit risk, liquidity risk, foreign exchange risk, and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company generally does not engage in any other transactions in financial instruments, including derivative financial instruments for any other trade or speculative purposes.

A. Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company maintains the majority of its cash in financial institutions located in the Philippines. The Company carries credit risk through its long-term receivables from NADECOR (Note 4.B) and KMC (Note 5.B). The Company's receivable from NADECOR is secured by a 40% interest in KMC, and the Company is a common shareholder in both NADECOR and KMC. Other current assets include tax refunds collectible and are considered to be low credit risk.

B. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure.

Following is a summary of current obligations:

At December 31, 2022	Less than 1 year	1 to 3 years	Greater than 3 years	Total
Accounts payable and accrued wages	\$ 1,221,823	\$ -	\$ -	\$ 1,221,823
Due to related parties	1,972,147	-	-	1,972,147
Totals	\$ 3,193,970	\$ -	\$ -	\$ 3,193,970

C. Foreign exchange risk

The Company is exposed to foreign exchange risk as some of its cash is held in currencies other than the U.S. dollar. The Company also incurs expenses in currencies other than the U.S. dollar regularly, and such expenditures are expected to increase over time. These subject the Company to currency transaction risk. The Company's items exposed to foreign exchange risk include the following:

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Foreign Currency Assets	At December 31, 2022		At December 31, 2021	
	Foreign Amount	USD Amount	Foreign Amount	USD Amount
Cash accounts				
Philippine pesos	₱ 5,911,723	106,073	₱ 7,588,046	148,662
Total foreign currency assets		\$ 106,073		\$ 148,662

Foreign Currency Liabilities	At December 31, 2022		At December 31, 2021	
	Foreign Amount	USD Amount	Foreign Amount	USD Amount
Accounts payable & accrued wages				
Canadian dollars	C\$ 19,896	14,693	C\$ 57,997	45,676
Philippine pesos	₱ 55,279,422	991,870	₱ 4,458,734	87,353
Euros	€ 69,324	73,898	€ 14,901	16,904
Singaporean dollars	S\$ 6,174	4,606	S\$ 7	5
Total foreign currency liabilities		\$ 1,085,067		\$ 149,938

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The Company conducts transactions in foreign currencies, and while exchange rates are anticipated to remain stable, certain activities and expenditures will be subject to market fluctuations. The Company will be establishing policies to monitor and minimize risk concerning currency issues between the United States, Canada and the Philippines as transactions increase. Gains and losses on transactions due to fluctuations in foreign currency rates are recorded as changes in the consolidated statements of loss and comprehensive loss.

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the U.S. dollar against all of the above currencies would result in an increase in foreign exchange effects in the year of approximately \$109,000 (2021 – \$200). This sensitivity analysis includes only outstanding foreign currency denominated items.

12. 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.

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

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 December 31, 2022.

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B. Investments in joint ventures

i. KGCM

The Company has subscribed to 40% of KGCM. The Company maintains that their rights to the shares of KGCM are protected by the share subscription agreement between the Company and KGCM. A new entity has been incorporated to take the place of KGCM'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.

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.

On February 22, 2017, KMC received a show cause order from the DENR directing KMC to explain why the MPSA should not be cancelled for being located within a protected watershed area. On February 27, 2017, management of KMC responded to the show cause order providing detailed explanation that there is no factual and legal basis to validly cancel, terminate or suspend the MPSA.

The matter is currently awaiting a decision from the DENR. However, in the Company's view, the likelihood of the MPSA being cancelled is remote.

C. 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.

13. Subsidiaries

A. Listing of subsidiaries consolidated by the Company:

Name	Country of Incorporation	Ownership	
		Interest	Principal Activity
St. Augustine Mining, Ltd.	Cayman Islands	100%	Domestic operations
Asia Pacific Dutch BV	Netherlands	100%	Holding company
SAML-Dutch Cooperatief U.A.	Netherlands	100%	Holding company
St. Augustine Gold & Copper (Singapore) Pte. Ltd.	Singapore	100%	Holding company
Asia Pacific SAML Holdings	Philippines	100%	Holding company
MDC Operating Services Phils. Ltd.	Philippines	100%	Philippine employment (inactive)
San Augustin Services Inc.	Philippines	100%	Foreign operations

B. Asset ownership by geographic location

All of the Company's non-current assets (other than financial instruments) are located in the Philippines as at December 31, 2022 and 2021.