SYLLA GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2023 and 2022

EXPRESSED IN CANADIAN DOLLARS

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Independent Auditor's Report

To the Shareholders of Sylla Gold Corp.

Opinion

We have audited the consolidated financial statements of Sylla Gold Corp. (the "Group"), which comprise the consolidated statement of financial position as at February 28, 2023 and the consolidated statements of operations and comprehensive loss, changes in deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 28, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other matter

The consolidated financial statements of Sylla Gold Corp. for the year ended February 28, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2022.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Hilda Leung.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
June 27, 2023

SYLLA GOLD CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

As at		February 28 2023		February 28 2022
ASSETS				
Current				
Cash	$	12,066	$	20,106
Sales tax receivable		25,599		24,928
Prepaid expenses and deposits		116,594		91,223
		154,259		136,257
Land (note 7)		26,500		26,500
	$	180,759	$	162,757
LIABILITIES				
Current				
Accounts payable and accrued liabilities (notes 8, 13)	$	630,258	$	142,507
Loans from related parties (notes 13)		-		186,000
		630,258		328,507
DEFICIENCY				
Share capital (note 9)		5,755,767		3,202,979
Warrants (note 10)		1,099,223		240,051
Contributed surplus		640,955		-
Deficit		(7,945,444)		(3,608,780)
		(449,499)		(165,750)
	$	180,759	$	162,757

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 12, 14)
Subsequent events (note 18)

Approved by the Board of Directors *"Greg Isenor"* Director (Signed) *"J. Francois Lalonde"* Director (Signed)

See accompanying notes.

SYLLA GOLD CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)

Years ended February 28,	**2023**	2022
Expenses		
Corporate and administrative (notes 11, 13)	**$ 778,837**	$ 371,654
Exploration and evaluation (notes 12, 13)	**2,988,703**	135,929
Share-based payments (notes 9, 13)	**543,710**	-
	(4,311,250)	(507,583)
Other income and expenses		
Foreign exchange loss	**(25,414)**	(2,437)
Loss on debt settlement (note 9)	**-**	(282)
	(25,414)	(2,719)
Net loss and comprehensive loss	**$ (4,336,664)**	$ (510,302)
Basic and diluted loss per share (note 15)	**$ (0.127)**	$ (0.038)
Weighted average number of common shares outstanding:		
Basic and diluted	**34,231,287**	13,261,695

See accompanying notes.

SYLLA GOLD CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
(expressed in Canadian dollars)

	Share capital			Contributed		
	Number*	**Amount**	**Warrants**	**Surplus**	**Deficit**	**Total**
Balance, February 28, 2021	4,926,683	$ 1,968,510	$ -	$ -	$ (3,098,478)	$ (1,129,968)
Units issued by private placement (notes 9, 10)	10,000,000	755,050	244,950	-	-	1,000,000
Shares issued for debt (note 9)	1,964,231	491,340	-	-	-	491,340
Share issuance costs	-	(31,820)	-	-	-	(31,820)
Exercise of warrants (notes 9, 10)	100,000	19,899	(4,899)	-	-	15,000
Net loss for the year	-	-	-	-	(510,302)	(510,302)
Balance, February 28, 2022	16,990,914	3,202,979	240,051	-	(3,608,780)	(165,750)
Units issued by private placement (notes 9, 10)	17,148,920	2,085,256	1,029,386	-	-	3,114,642
Shares issued for mineral property (note 9)	1,000,000	205,000	-	-	-	205,000
Shares issued for services (note 9)	150,000	15,000	-	-	-	15,000
Broker warrants (notes 9, 10)	-	(69,837)	69,837	-	-	-
Share issuance costs	-	(262,687)	-	-	-	(262,687)
Exercise of warrants (notes 9, 10)	2,915,000	580,056	(142,806)	-	-	437,250
Warrants expired	-	-	(97,245)	97,245	-	-
Share-based payments (note 9)	-	-	-	543,710	-	543,710
Net loss for the year	-	-	-	-	(4,336,664)	(4,336,664)
Balance, February 28, 2023	**38,204,834**	**$ 5,755,767**	**$ 1,099,223**	**$ 640,955**	**$ (7,945,444)**	**$ (449,499)**

* Reflects a consolidation of 1 new share for every 5 old shares. The consolidation was completed on April 23, 2021.

See accompanying notes.

SYLLA GOLD CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)

Years ended	2023	2022
Operating activities		
Loss for the year	**$ (4,336,664)**	$ (510,302)
Adjustments to reconcile loss to net cash used:		
Share-based payments	**543,710**	-
Shares issued for mineral property	**205,000**	-
Loss on debt settlement	**-**	282
	(3,587,954)	(510,020)
Changes in non-cash working capital items		
Sales tax receivable	**(671)**	(19,468)
Prepaid expenses and deposits	**(25,371)**	(77,223)
Accounts payable and accrued liabilities	**487,751**	(66,885)
	(3,126,245)	(673,596)
Financing activities		
Loan proceeds received from related parties (note 13)	**-**	6,000
Loan repayments to related parties (note 13)	**(186,000)**	(295,779)
Units issued by private placement	**3,114,642**	1,000,000
Proceeds from exercise of warrants	**437,250**	15,000
Share issuance costs	**(247,687)**	(31,820)
	3,118,205	693,401
Net change in cash	**(8,040)**	19,805
Cash, beginning of year	**20,106**	301
Cash, end of year	**$ 12,066**	$ 20,106
Supplemental disclosure		
Shares issued for debt	**$ -**	$ 491,340
Shares issued for services	**$ 15,000**	$ -
Broker warrants	**$ 69,837**	$ -

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

Sylla Gold Corp., formerly Atlantic Industrial Minerals Incorporated, (the "Company") is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. On April 23, 2021, the name of the Company was changed and the Company consolidated its common shares on the basis of 1 new share for 5 old shares. All share and per share information in the consolidated financial statements, including references to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, and earnings (loss) per share, have been adjusted to reflect the impact of the share consolidation. On September 15, 2021, the Company entered into an option agreement to acquire the Deguefarakole permit for its Niaouleni Gold Project (note 12) located in Mali, West Africa. On April 14, 2022, the Company graduated from the NEX Board of the TSX Venture Exchange ("TSX-V") to become a TSX-V tier 2 mining issuer. The Company's common shares trade under the symbol "SYG". The address of the Company's registered office is 1550 Bedford Highway, Suite 802, Bedford, Nova Scotia, B4A 1E6.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

At February 28, 2023, the Company had a working capital deficiency of $475,999 (2022 - $192,250), incurred a loss for the current year of $4,336,664 (2022 – $510,302), and had an accumulated deficit of $7,945,444 (2022 - $3,608,780).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate.

These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements for the year ended February 28, 2023 were approved and authorized for issue by the Company's board of directors on June 27, 2023.

Basis of Consolidation and Presentation

These consolidated financial statements include the accounts of the Company and its two wholly-owned Canadian incorporated subsidiaries, Glencoe Resources Inc. and Great Bras d'Or Springs Inc. All significant inter-company transactions and balances have been eliminated on consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss. These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements, in conformity with IFRS, requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Fair value of share-based payments and warrants

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net loss and its equity reserves.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise noted.

Adoption of and Amendments to IFRS 9 – Financial Instruments
The IASB issued an amendment to IFRS 9, Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. On March 1, 2022, the Company adopted the amendments to IFRS 9, which did not have any effect on the Company's financial statements.

Earnings/Loss per Share
The computation of earnings/loss per share and diluted earnings/loss per share amounts are based upon the weighted average number of shares outstanding during the year. Diluted earnings/loss per share is calculated based on the assumed conversion, exercise or contingent issuance of "in the money" securities only when such conversion, exercise or issuance would have a dilutive effect on earnings/loss per share, at the weighted average market price during the period.

Exploration and Evaluation
The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Financial Instruments
The classification of a financial instrument is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI), or if the Company has opted to measure them at FVTPL or FVTOCI.

A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL, under the fair value option.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as fair value through other comprehensive income (FVTOCI).

If certain conditions are met, the classification of a financial asset, debt instrument or equity instrument may subsequently need to be reclassified

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Transaction costs and any realized or unrealized gains or losses arising from changes in the fair value of the financial asset or liability held at FVTPL are included in profit or loss in the period in which they arise.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets at FVOCI
Financial assets measured at FVTOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVTOCI. The Company does not measure any financial assets at FVTOCI.

After initial measurement, investments measured at FVTOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Derecognition of financial assets
The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Derecognition of financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Foreign Currency Translation
Foreign currency transactions are initially recorded in the entity's functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities that are denominated in a foreign currency are translated into the functional currency using the end of the reporting period exchange rate. All foreign currency adjustments are recognized in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-financial Assets
The Company’s non-financial assets (land) are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. In assessing value in use, 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. Impairment losses are recognized in the profit or loss.

Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of amortization and depletion) that would have been determined had no impairment loss been recognized.

Income Taxes
Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred assets and liabilities are recognized for the future tax consequences attributable to the difference between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be recognized.

Interest
The Company classifies interest received and interest paid as an operating cash flow within the consolidated statement of cash flows.

Land
Land is stated at historical cost less accumulated impairment losses. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Provisions
A provision is recognized in the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to discharge the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restoration and Environmental Obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that

SIGNIFICANT ACCOUNTING POLICIES (continued)

reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are recognized in accordance with the Company's accounting policy for exploration and evaluation assets.

Share-based Payments

The Company accounts for share-based payments using the fair value-based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based payments expense over each tranche's vesting period with an offsetting credit charged to contributed surplus. The applicable contributed surplus is transferred to share capital if and when, the stock options are exercised. The fair value of stock options remains in contributed surplus on expiry of options. Any consideration paid on the exercise of stock options is credited to share capital.

Share Issue Costs

Share issue costs are recorded as a reduction of share capital.

Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the share price at the time of financing and the Black-Scholes option pricing model, respectively.

If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

SIGNIFICANT ACCOUNTING POLICIES (continued)

In situations where warrants are issued as consideration for goods and services received and some or all of the goods or services received cannot be specifically identified or reliably measured, then these warrants are measured at the fair value of the share-based payment. The fair value of the share-based payment is determined using the Black-Scholes option pricing model.

5. NEW STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET ADOPTED

The following standard has been issued but is not yet effective:

IAS 1 – Presentation of Financial Statements
The IASB has issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date.

The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholders' equity (deficiency). In order to maintain its capital structure, the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors has not established quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current year. The Company is not subject to any externally imposed capital requirements.

7. LAND

The Company owns a spring water resource property in Victoria County, Cape Breton, Nova Scotia. There are currently no plans to develop this property.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		February 28 2023		February 28 2022
Trade payables	$	**148,099**	$	80,176
Accrued liabilities		**38,763**		29,666
Related parties (note 13)		**443,396**		32,665
	$	**630,258**	$	142,507

9. SHARE CAPITAL

Authorized
Unlimited common shares.

Shares issued – Private Placements
On June 22, 2021, the Company completed a private placement by issuing 10,000,000 units at $0.10 per unit for gross proceeds of $1,000,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitled the holder to acquire an additional common share at $0.15 for a period of 12 months. The warrants expired on June 22, 2022. The fair value of the unit warrants was estimated at $244,950 using the relative fair value method (note 10).

On March 2, 2022, the Company completed the first tranche of a $2,799,500 private placement by issuing 11,997,500 units at $0.20 per unit for gross proceeds of $2,399,500. On March 31, 2022, the Company completed the second and final tranche of the private placement by issuing 2,000,000 units for gross proceeds of $400,000. Each unit is comprised of one common share and one common share purchase warrant. Each unit warrant entitles the holder to acquire an additional common share at $0.32 for a period of twenty-four (24) months. The Company paid cash commissions of $132,700 and issued 650,500 broker warrants having identical terms as the unit warrants. Of the broker warrants, 640,000 broker warrants were issued in connection to the first tranche of the private placement and 10,500 broker warrants were issued in connection to the second and final tranche. The fair value of the: unit warrants was estimated at $962,837, using the relative fair value method; and, $64,584 for the broker warrants, (note 10).

On January 3, 2023, the Company completed a private placement by issuing 3,151,420 units at $0.10 per unit for gross proceeds of $315,142. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share at a price of $0.15 for a period of twenty-four months. The Company paid cash commissions of $15,693 and issued 113,849 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at $0.15 for a period of two years. The fair value of the: unit warrants was estimated at $66,549, using the relative fair value method; and, $5,253 for the broker warrants (note 10). In addition, the Company issued 150,000 common shares, valued at $15,000, for advisory services.

Shares Issued - Mineral Properties
On April 12, 2022, the Company issued 1,000,000 common shares at $0.205 per share in accordance with the Deguefarakole option agreement (notes 12, 13).

SHARE CAPITAL (continued)

Shares issued – Debt settlements
On April 9, 2021, the Company issued 324,231 common shares with a fair value of $0.175 per share to settle trade payables of $81,058, resulting in a gain of $24,318.

On June 22, 2021, the Company issued 1,640,000 common shares with a fair value of $0.265 per share to settle $410,000 of payables owed to a Company director and a former Company director (note 13), resulting in a loss of $24,600.

Shares Issued - Warrants
During the year ended February 28, 2022, the Company issued 100,000 common shares in connection to the exercise of unit warrants for proceeds of $15,000. The fair value of these warrants was $4,899. The fair value of these warrants was transferred from the warrant reserve account to share capital.

During the year ended February 28, 2023, the Company issued 2,915,000 common shares in connection to the exercise of unit warrants for proceeds of $437,250. The fair value of these warrants was $142,806. The fair value of these warrants was transferred from the warrant reserve account to share capital.

Stock Options
Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Company's Board of Directors at the time of grant.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, February 28, 2021 and 2022	-	$ -
Granted (i)	3,075,000	0.20
Balance, February 28, 2023	**3,075,000**	**$0.20**

(i) On May 9, 2022, the Company granted 3,075,000 stock options to directors, officers and consultants. These options vested immediately and were issued with an exercise price of $0.20 and a five-year term, expiring on May 9, 2027.

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2023
Dividend yield	Nil
Expected volatility (based on historical prices)	212%
Risk-free rate of return	2.76%
Expected life	5 Years
Share price	$0.18

SHARE CAPITAL (continued)

Share-based payment expense recognized for the year was $543,710 (2022 - $nil). The offsetting credit was charged to contributed surplus. Consultant options were measured using the Black-Scholes option pricing model due to the absence of a reliable measurement of the services granted.

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
May 9, 2027	3,075,000	$0.20	3,075,000	4.19

10. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, February 28, 2021	-	$ -
Issued (note 9)	5,000,000	0.15
Exercised	(100,000)	0.15
Balance, February 28, 2022	4,900,000	0.15
Issued (note 9)	16,337,559	0.30
Exercised	(2,915,000)	0.15
Expired	(1,985,000)	0.15
Balance, February 28, 2023	**16,337,559**	**$0.30**

Relative fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2023	2022
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	123%	140%
Risk-free rate of return	1.83%	0.41%
Expected life	2 Years	1 Years
Share price	$0.18	$0.265

WARRANTS (continued)

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
March 2, 2024	12,637,500	$0.32	1.00	$ 886,209
March 31, 2024	2,010,500	0.32	1.08	141,212
January 3, 2025	1,689,559	0.15	1.84	71,802
	16,337,559	$0.30	1.10	$ 1,099,223

11. CORPORATE AND ADMINISTRATIVE

	2023	2022
Consulting (note 13)	**$ 144,806**	$ 100,833
Filing and transfer agent fees	**54,187**	61,603
Management fees (note 13)	**205,694**	58,333
Office and general (note 13)	**20,465**	5,948
Professional fees	**77,325**	101,607
Shareholder relations and promotion	**240,004**	41,755
Travel	**36,356**	1,575
	$ 778,837	$ 371,654

12. EXPLORATION AND EVALUATION

	2023	2022
Acquisition costs (notes 9, 13)	**$ 399,072**	$ -
Property costs	**73,676**	-
Assaying	**216,575**	540
Consulting/Contracting	**282,711**	101,024
Drilling and ancillary costs	**1,255,362**	-
Equipment and supplies	**678,102**	6,180
Professional fees	**2,738**	-
Reports	**26,165**	26,714
Site costs	**46,088**	508
Travel/Transportation	**8,214**	963
	$ 2,988,703	$ 135,929

EXPLORATION AND EVALUATION (continued)

Niaouleni Gold Project – Mali, West Africa

The Niaouleni Gold Project (the "Niaouleni Project") is located in southwest Mali and is comprised of four option agreements to acquire four contiguous permits.

Permit		Renewal date
Deguefarakole	Under option	February 5, 2024
Niaouleni West	Under option	Exploration license pending
Samaya South	Under option	Exploration license pending
Sananfara	Under option	Exploration license pending

Deguefarakole Option Agreement, effective April 12, 2022

On September 15, 2021, the Company entered into an option agreement with Niaouleni Gold Inc. and Niaouleni Gold Mali SARL, a wholly owned subsidiary of Niaouleni Gold Inc., pursuant to which the Company was granted an option to acquire an indirect 100-per-cent interest in the Deguefarakole gold exploration permit. Mr. Gregory Isenor, a director and former officer of the Company, is also a director, officer and shareholder of Niaouleni Gold Inc. The Company received shareholder approval for the option agreement on November 12, 2021, which received TSX Venture Exchange acceptance on April 12, 2022.

To exercise the option, the Company shall:

a) pay an aggregate of $700,000 as follows:
   - (i) $50,000 on April 12, 2022 (paid);
   - (ii) $50,000 on April 12, 2023 (deferred until July 31, 2023);
   - (iii) $100,000 on April 12, 2024; and,
   - (iv) $500,000 on April 12, 2025.

b) Issue 9,000,000 common shares of the Company in four (4) instalments as follows:
   - (i) issue 1,000,000 common shares on April 12, 2022 (issued);
   - (ii) issue 1,000,000 common shares on April 12, 2023 (issued on April 12, 2023);
   - (iii) issue 2,000,000 common shares on April 12, 2024; and,
   - (iv) issue 5,000,000 common shares on April 12, 2025.

c) Incur an aggregate of $1,380,000 of exploration expenditures over a three-year, as follows:
   - (i) first year $220,000 (completed)
   - (ii) second year $460,000 (completed)
   - (iii) third year $700,000

Niaouleni Gold Inc. shall retain a 3% net smelter return royalty (NSR). The Company has the right to purchase up to 2% NSR (resulting in the remaining NSR being at least 1%) for a cost of up to $2 million.

EXPLORATION AND EVALUATION (continued)

Niaouleni West Option Agreement
On February 21, 2023, the Company entered into an option agreement with Touba Mining SARL ("Touba") pursuant to which the Company was granted an option to acquire a 100% interest in the Niaouleni West gold exploration permit, located contiguously west of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

a) pay an aggregate of 100,000,000 West African CFA Franc ("FCFA") (approximately CDN $216,935) as follows:
   (i) 20,000,000 FCFA (CDN $40,935) by January 31, 2022 (paid);
   (ii) 30,000,000 FCFA (approximately CDN $66,000) by March 31, 2023 (deferred until July 31, 2023); and,
   (iii) 50,000,000 FCFA (approximately CDN $110,000) by January 31, 2024.

b) Upon the issuance of the exploration license by the Direction Nationale de la Géologie et des Mines (the "DNGM") incur an aggregate of 528,000,000 FCFA (approximately CDN $1,160,000) of exploration expenditures over a three-year period, as follows:
   (i) first year 111,000,000 FCFA (approximately CDN $244,000)
   (ii) second year 145,000,000 FCFA (approximately CDN $318,000)
   (iii) third year 272,000,000 FCFA (approximately CDN $598,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US $1 million.

Samaya South Option Agreement
On February 21, 2023, the Company entered into an option agreement with Touba pursuant to which the Company was granted an option to acquire a 100% interest in the Samaya South gold exploration permit, located contiguously northwest of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

a) pay an aggregate of 45,000,000 FCFA (approximately CDN $95,076) as follows:
   (i) 30,000,000 FCFA (CDN $62,076) by May 14, 2022 (paid); and,
   (ii) 15,000,000 FCFA (approximately CDN $33,000) by May 14, 2023 (deferred until July 31, 2023).

b) Upon the issuance of the exploration license by the DNGM incur an aggregate of 528,000,000 FCFA (approximately CDN $1,160,000) of exploration expenditures over a three-year period, as follows:
   (i) first year 111,000,000 FCFA (approximately CDN $244,000)
   (ii) second year 145,000,000 FCFA (approximately CDN $318,000)
   (iii) third year 272,000,000 FCFA (approximately CDN $598,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US $1 million.

EXPLORATION AND EVALUATION (continued)

Sananfara Option Agreement
On February 21, 2023, the Company entered into an option agreement with Touba pursuant to which the Company was granted an option to acquire a 100% interest in the Sananfara gold exploration permit, located contiguously south of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

a) pay an aggregate of 100,000,000 FCFA (approximately CDN $217,061) as follows:
   (i) 20,000,000 FCFA (CDN $41,061) by April 30, 2022 (paid);
   (ii) 30,000,000 FCFA (approximately CDN $66,000) by April 30, 2023 (deferred until July 31, 2023); and,
   (iii) 50,000,000 FCFA (approximately CDN $110,000) by April 30, 2024.

b) Upon the issuance of the exploration license by the DNGM incur an aggregate of 641,025,000 FCFA (approximately CDN $1,409,000) of exploration expenditures over a three-year period, as follows:
   (i) first year 75,275,000 FCFA (approximately CDN $165,000)
   (ii) second year 179,900,000 FCFA (approximately CDN $396,000)
   (iii) third year 385,850,000 FCFA (approximately CDN $848,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US $1 million.

General
Each option agreement requires the Company to keep the applicable permit in good standing and pay for all permit fees and taxes. The Company is not entitled to any partial interest in a permit in which the option is not exercised.

13. RELATED PARTY TRANSACTIONS AND BALANCES

	2023	2022
Consulting (i)	**$ 50,000**	$ 33,334
Consulting (ii)	**-**	8,333
Management fees (iii)	**205,694**	58,333
Office and general (iv)	**6,000**	-
Exploration and evaluation (v)	**1,767,091**	98,697
Share-based payments (vi)	**406,678**	-
	$ 2,435,463	$ 198,697

(i) Consulting fees were paid to a company controlled by a Company officer/director for bookkeeping services. These services began on July 1, 2021.

(ii) Consulting fees were paid to a company controlled by a Company director for project management services.

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(iii) Management fees were paid or became payable for the services of the Company's:
- President and Chief Executive Officer, which began on August 3, 2021; and,
- Chief Financial Officer, which began on May 9, 2022.

(iv) Rent was paid or became payable to a company controlled by a Company director for the Company's offices in Bedford, Nova Scotia. The rental term is monthly, which began on September 1, 2022.

(v) Exploration and evaluation expenditures represent amounts paid or payable to Niaouleni Gold Inc. ("NGI") for Niaouleni Project activities. NGI is party to the option agreement for the Deguefarakole permit (note 12) and is related by virtue of a common director. Expenditures for the year consisted of:
- Deguefarakole option agreement acquisition costs of $255,000 (2022 - $nil); and,
- reimbursement of exploration expenditures, at cost, of $1,512,091 (2022 - $98,697).

(vi) Share-based payments represents the fair value of stock options granted to Company directors and officers.

Accounts payable and accrued liabilities include $443,396 (2022 - $32,665) payable to Company directors/officers or companies controlled by or associated with Company directors/officers. On June 22, 2021, the Company issued 1,640,000 common shares with a fair value of $0.265 per share to settle $410,000 of payables owed to a Company director and a former Company director.

Loans payable of $nil (2022 - $186,000) consisted of cash loans from Company directors/officers or companies controlled by Company directors/officers. During the year ended February 28, 2023, the Company received loans of $nil (2022 - $6,000) and repaid loans of $186,000 (2022 - $295,779). These amounts were unsecured, non-interest bearing with no fixed terms of repayment.

14. COMMITMENTS AND CONTINGENCIES

The Company has a management services agreement with a Company officer that contains the provision of change of control benefits. The agreement provides that in the event there is a change in control of the Company then the officer is entitled to receive a lump sum payment equal to two (2) years of remuneration. As a triggering event has not taken place, the contingent payment of $300,000 has not been reflected in these consolidated financial statements.

15. EARNINGS/LOSS PER SHARE

Earnings/Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

16. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2023	2022
Statutory rate	**29.00%**	29.00%
Expected income tax recovery	**$ (1,258,000)**	$ (148,000)
Increase (decrease) resulting from:		
Non-deductible expenses and other permanent differences	**158,000**	(10,000)
Change in estimates and tax assets not recognized	**1,100,000**	158,000
Deferred income tax (recovery)	**$ -**	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	2023	2022
Exploration and evaluation costs	**$ 3,375,000**	$ 385,000
Share issuance costs and other	**233,000**	29,000
Non-capital losses	**2,713,000**	1,867,000
Deductible temporary differences	**$ 6,321,000**	$ 2,281,000

Tax Credit Carry-forwards

At February 28, 2023, the Company has $2,713,000 (2022 - $1,867,000) of non-capital losses available for deduction in future years expiring over various years from 2028 to 2043.

The Company also has Canadian and foreign resource related expenditures totaling approximately $3,375,000 (2022 - $385,000), which can be used to offset future income taxes.

The taxable entities have historically made tax losses, and the existence of future taxable profits cannot be assessed as probable. Accordingly, the future tax benefit of the above noted tax pools have been offset by recognition of a valuation allowance in these financial statements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, and accounts payable and accrued liabilities approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price if one exists.

IFRS 13 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

FINANCIAL AND RISK MANAGEMENT (continued)

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

Classification of Financial Instruments

			February 2023		February 28 2022
Financial assets					
Cash	Amortized cost	**$**	**12,066**	$	20,106
Financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	**$**	**630,258**	$	142,507
Loans from related parties	Amortized cost		**-**		186,000

Risk Management
The Company's financial risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The primary risks the Company's financial instruments are exposed to are described below:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash. The Company mitigates the risk to its cash by depositing its cash with Canadian banks.

Liquidity Risk
Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 6. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

Accounts payable and accrued liabilities are generally due within 30 days and loans payable have no specific terms of repayment. As at February 28, 2023, the Company had cash of $12,066 to settle current liabilities of $630,258. The Company will require additional capital to eliminate its working capital deficiency and fund its activities for 2024.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed to any significant interest rate risk. When applicable, excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The Company has no interest-bearing debt.

FINANCIAL AND RISK MANAGEMENT (continued)

Currency Risk

The Company operates in Canada and Mali and has potential future commitments in Mali that are denominated in the West African CFA franc (FCFA), the Euro (EUR) and the United States dollar (USD), giving rise to market risks from changes in foreign exchange rates. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at February 28, 2023, the Company has accounts payable and accrued liabilities of approximately EUR 233,000, of which a 10% change in the EUR exchange rate would impact the Company's loss by approximately $34,000.

18. SUBSEQUENT EVENTS

(i) On April 12, 2023, the Company issued 1,000,000 common shares at $0.10 per share in accordance with the Deguefarakole option agreement (note 12).

(ii) On March 7, 2023, the Company established Sylla Gold Mali SARL ("SGM") as a wholly-owned subsidiary to facilitate exploration activities in Mali.