Condensed interim consolidated financial statements of

BeMetals Corp.

Three months ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of BeMetals Corp. ("BeMetals" or the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

BeMetals Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)
(Unaudited)

		As at March 31, 2023		As at December 31, 2022
Assets				
Current assets				
Cash	**$**	**4,612,646**	$	6,007,041
Term deposit		**28,750**		28,750
Amounts receivable		**183,907**		129,218
Prepaids		**46,089**		107,437
		4,871,392		6,272,446
Exploration advances (Note 4)		**316,728**		350,491
Investments (Note 5)		**318,025**		277,652
Exploration and evaluation assets (Note 4)		**23,069,458**		22,048,400
Total assets	**$**	**28,575,603**	$	28,948,989
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	**$**	**346,850**	$	376,913
		346,850		376,913
Loan (Note 6)		**6,974,740**		6,901,930
Total liabilities		**7,321,590**		7,278,843
Shareholders' equity				
Share capital (Note 7)		**40,905,494**		40,905,494
Equity reserves		**4,093,303**		3,961,670
Deficit		**(23,744,784)**		(23,197,018)
Total shareholders' equity		**21,254,013**		21,670,146
Total liabilities and shareholders' equity	**$**	**28,575,603**	$	28,948,989

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on May 25, 2023:

"Mark Connelly" Director

"John Wilton" Director

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

BeMetals Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended March 31, 2023	2022
Expenses		
Consulting	**$ 15,880**	$ 34,132
Foreign exchange	**2,168**	45,827
Marketing	**104,474**	20,794
Office and administration	**43,607**	59,321
Professional fees	**28,381**	19,742
Regulatory and transfer agent	**8,689**	14,490
Fees and salaries (Note 8)	**194,682**	196,858
Share-based compensation (Notes 7,8)	**80,359**	241,005
Travel	**48,127**	22,928
	(526,367)	(655,097)
Finance income	**56,931**	6,372
Finance expense (Note 6)	**(78,330)**	-
Loss	**(547,766)**	(648,725)
Other comprehensive gain (loss)		
Unrealized gain (loss) on investments (Note 5)	**40,373**	(181,542)
Other comprehensive gain (loss)	**40,373**	(181,542)
Comprehensive loss	**$ (507,393)**	$ (830,267)
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	**177,352,545**	177,352,545

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

BeMetals Corp.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)
(Unaudited)

	Shares issued	Amount	Share-based payments	Marketable securities	Deficit	Total Shareholders' equity
At December 31, 2021	177,352,545	$ 40,905,494	$ 3,276,061	$ 124,853	$ (8,458,967)	$ 35,847,441
Share-based compensation	-	-	295,898	-	-	295,898
Loss and comprehensive loss	-	-	-	(181,542)	(648,725)	(830,267)
At March 31, 2022	177,352,545	40,905,494	3,571,959	(56,689)	(9,107,692)	35,313,072
Share-based compensation	-	-	446,784	-	-	446,784
Loss and comprehensive loss	-	-	-	(384)	(14,089,326)	(14,089,710)
At December 31, 2022	177,352,545	40,905,494	4,018,743	(57,073)	(23,197,018)	21,670,146
Share-based compensation	-	-	91,260	-	-	91,260
Loss and comprehensive loss	-	-	-	40,373	(547,766)	(507,393)
At March 31, 2023	177,352,545	$ 40,905,494	$ 4,110,003	$ (16,700)	$(23,744,784)	$ 21,254,013

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

BeMetals Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended March 31, 2023	2022
Operating activities		
Loss	**$ (547,766)**	$ (648,725)
Adjusted for:		
Share-based compensation	**80,359**	241,005
Accrued finance expense	**78,310**	-
Unrealized foreign exchange	**33,256**	(846)
Changes in non-cash working capital items:		
Amounts receivable	**(54,689)**	4,274
Prepaids and deposits	**61,348**	(4,371)
Exploration advances	**-**	82,686
Trade and other payables	**(94,507)**	8,230
	(443,689)	(317,747)
Investing activities		
Proceeds from JOGMEC	**52,711**	34,912
Payments for exploration and evaluation expenditures	**(964,661)**	(799,076)
	(911,950)	(764,164)
Effect of foreign exchange on cash	**(38,756)**	
Change in cash	**(1,394,395)**	(1,081,911)
Cash, beginning of period	**6,007,041**	6,370,369
Cash, end of period	**$ 4,612,646**	$ 5,288,458
Non-cash investing and financing activities		
Share-based compensation capitalized for exploration and evaluation expenditures	**$ 10,901**	$ 54,893
Exploration costs included in trade and other payables	**$ 255,811**	$ (14,991)
Reclassification of exploration advances to exploration and evaluation assets	**$ 33,763**	$ -

No cash was paid for interest or income taxes during the three months ended March 31, 2023 and 2022.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

BeMetals Corp. (“BeMetals” or “the Company”) is a base and precious metals exploration and development company listed on the TSX Venture Exchange (“TSX-V”) under the symbol ‘BMET’ and also trades on the OTCQB in the US under the symbol ‘BMTLF’ and on the Frankfurt Stock Exchange in Germany under the symbol ‘1OI.F’. The Company has five gold exploration projects in Japan and holds an option agreement to acquire an interest in a mineral project in Zambia. Pursuant to the option agreement, the Company has rights to acquire a majority interest in the Pangeni copper exploration project (the “Pangeni Copper Project”) on the western extension of the Zambian Copperbelt (Note 4). The Company will continue to evaluate other potential precious and base metals acquisition opportunities.

The Company’s head office address is 3400 - 666 Burrard Street, Vancouver, BC, V6C 2X8. The registered and records office address is 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3.

As at March 31, 2023, the Company had working capital of $4,524,542 (December 31, 2022 - working capital of $5,895,533). The Company has incurred negative cash flows from operations of $443,689 and recorded a loss of $547,766 for the three months March 31, 2023 (March 31, 2022 - negative cash flows from operations of $317,747 and loss of $648,725, respectively), and has an accumulated deficit of $23,744,784 as at March 31, 2023 (December 31, 2022 - $23,197,018). The Company does not currently have a source of revenue. The Company will need to raise additional capital to carry out its objectives. There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

The Company will need to raise additional funds in the future to meet its growth strategy and carry out its long-term objectives. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The Company anticipates it has sufficient capital to meet its current obligations for the next twelve months. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee. These unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2023, including comparatives, are prepared in accordance with IAS 34 Interim Financial Reporting and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. Accordingly, they should be read in conjunction with the Company’s most recent annual financial statements. These unaudited condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors of the Company on May 25, 2023.

(b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

2. BASIS OF PRESENTATION (continued)

(c) Significant accounting judgments and estimates (continued)

liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities within the next year, in the event that actual results differ from assumptions made, relate to the following:

<u>*Key Sources of Estimation Uncertainty*</u>

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

(d) Principles of consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany balances and transactions are eliminated upon consolidation.

As at March 31, 2023, the Company had five wholly owned subsidiaries: BQ AcquisitionCo Corp., BQ FinanceCo Corp. and BeMetals Japan Corp., incorporated in British Columbia, Canada, BeMetals USA Corp., incorporated in Delaware, USA, and Kazan Resources KK, incorporated in Tokyo, Japan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments

The Company classifies its financial assets and liabilities in the following measurement categories:

i) Those to be subsequently measured at amortized cost; or
ii) Those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"))

The classification is driven by the business model for managing the financial asset and their contractual cash flow characteristics.

The Company classifies its financial instruments as follows:

Financial instrument	Classification under IFRS 9
Cash, Term deposits	Amortized cost
Amounts receivable	Amortized cost
Exploration advances	Amortized cost
Investments	FVOCI
Trade and other payables	Amortized cost
Loan	Amortized cost

At initial recognition financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVTPL, where transaction costs are expensed directly to profit or loss.

The Company has elected to classify and measure its investments at FVOCI.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement. The levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data

For financial instruments carried at fair value, the Company uses Level 1 inputs to value its investments.

4. EXPLORATION AND EVALUATION ASSETS

Kato Gold Project and Other Japan Projects

On April 23, 2021, the Company completed the acquisition of privately owned BeMetals Japan and its wholly owned subsidiary Kazan Resources KK ("Kazan") which holds the rights to a portfolio of five gold exploration projects in Japan (the "Kazan Gold Transaction"). Pursuant to the Kazan Gold Transaction, the Company issued a total of 32,629,956 common shares to the former shareholders of BeMetals Japan Corp, with the fair value of the common shares issued amounting to $11,909,934 which was based on the closing price of the Company's shares on the date of closing of the Kazan Gold Transaction ($0.365 per share).

4. EXPLORATION AND EVALUATION ASSETS (continued)

Up until March 31, 2023 the majority of expenditures incurred have been incurred on the drilling program at the Kato Gold Project. The Company has also been carrying out analysis and defining drill targets at the other properties in Japan, which are the Hokusatsu, Konomai, Tashiro and Todoroki Projects (collectively the “Other Japan Projects”).

Pangeni Copper Project

In February 2018, further to a November 2017 letter agreement, the Company confirmed the agreement (the “Pangeni Agreement”) with Copper Cross Zambia Limited (the “Pangeni Vendor”) for the right to acquire up to a 72% interest in the Pangeni Copper Project. This agreement and the transactions pursuant thereto (the “Pangeni Transaction”) was approved by the TSX-V in July 2018 in connection with the Company’s completion of its qualifying transaction. In January 2020, certain amendments were made to the Pangeni Agreement (the “January 2020 amendments”).

Pursuant to the Pangeni Agreement, and including the January 2020 amendments, the Company can acquire an initial 67.5% interest in the Pangeni Copper Project by:

(a) making cash payments of US$250,000 and issuing a total of 780,500 common shares by February 2020 (completed);
(b) spending US$2,500,000 in exploration work by December 31, 2020 (completed); and
(c) completing a Preliminary Economic Assessment, making a further cash payment of US$450,000 (a portion of which may be paid in common shares at the option of the Company), and making a payment of US$700,000 as an advanced royalty reduction payment, by mid-June 2023.

Following acquisition of the initial 67.5% interest the Company can acquire an additional 4.5% interest by completing a Feasibility Study and making a further cash payment of US$750,000 (a portion of which may be paid in common shares of BeMetals at the option of the Company).

At the commencement of the mine development phase, and following a feasibility study, a one-off milestone payment is payable, based upon total proven and probable mineral reserves, as follows: US$2,000,000 if less than 500 kilotonnes (“kt”) contained copper, US$3,000,000 if the contained copper is between 500 kt and 1,000kt, and US$6,000,000 if greater than 1,000kt contained copper. Upon commencement of production, Pangeni Mineral Resources Limited (“Pangeni Mineral”) is entitled to a 3% Net Smelter Royalty (which may be reduced to 2.5% following the US$700,000 royalty reduction payment above and further reduced to 1% following an additional royalty reduction payment by the Company, determined by an internationally recognised valuator, which is not to exceed US$3,300,000).

Investment in the Pangeni Copper Project by JOGMEC

In March 2021, the Company entered into a joint exploration and option agreement (the “JOGMEC Agreement”) with Japan Organization for Metals and Energy Security (Formerly Japan Oil, Gas and Metals National Corporation) (“JOGMEC”) for an initial investment of US$1,500,000 from JOGMEC for money-in-the-ground exploration at the Pangeni Copper Project and additional ongoing pro-rata contributions.

Under the terms of the JOGMEC Agreement:

(a) by March 31, 2021, JOGMEC will fund US$1,000,000 for exploration expenditures by way of payment to BeMetals for exploration activities completed in the 2020 field program (completed); and
(b) during 2021, JOGMEC will also fund an additional US$500,000 in exploration expenditures (completed).

As result, JOGMEC has earned a 27.8% interest in BeMetals’ option to acquire up to a 72% interest in the Pangeni Copper Project. Since earning its interest in the BeMetals option, JOGMEC has, and will continue to for the remainder of the agreed future exploration programs, fund exploration expenditures pro-rata in accordance with its 27.8%

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

interest. In total, to date, JOGMEC has solely funded US$1,500,000 of exploration expenditures, and thereafter funded exploration expenditures pro-rata in accordance with its proportionate interest in the BeMetals option for the property. The above investments will provide JOGMEC with rights to an approximately 20% stake in the Pangeni Copper Project assuming the full exercise of all applicable underlying parties and optionees and BeMetals will retain rights to approximately 52%. BeMetals retains overall management control through the project's technical committee and its majority option position in the Pangeni Copper Project.

South Mountain Project

In February 2019, the Company entered into an option agreement for the rights to the South Mountain Project (the "South Mountain Agreement"). As part of the South Mountain Agreement, the Company acquired the right to explore at the South Mountain Project. On December 30, 2022 the Company opted to terminate the option and wrote-down $12,675,966 of previously capitalized expenditures on the South Mountain Project. The total write-down of $12,675,966 consisted of a $4,020,765 write-down of expenditures incurred to purchase the option to acquire the South Mountain Property and a write-down of $8,655,201 in Exploration and Evaluation expenditures incurred at the South Mountain Property up to the date at which the decision to terminate the option was made.

Capitalized Costs

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets as at March 31, 2023:

	Pangeni Copper Project	Kato Gold Project	Other Japan Projects	Total
Balance, December 31, 2022	$ 5,020,703	$ 7,490,040	$ 9,537,656	$ 22,048,400
Consulting and wages	33,081	214,579	133,264	380,925
Drilling	10,332	542,105		552,437
Land fees / Lease payments	-	307		307
Professional fees	-	-		-
Share-based compensation	3,015	7,886		10,901
Site logistics	8,122	94,334	26,745	129,201
Write-down of expenditures	-	-		-
Transaction costs - cash	-	-		-
Transaction costs - shares	-	-		-
	5,075,254	8,349,250	9,697,664	23,122,169
Proceeds from JOGMEC	(52,711)	-		(52,711)
Balance, March 31, 2023	$ 5,022,542	$ 8,349,250	$ 9,697,664	$ 23,069,458

Exploration Advances

As at March 31, 2023, the Company had $316,728 (December 31, 2022 – $350,491) in exploration advances of which $164,854 (December 31, 2022 - $202,619) related to a drill contractor operating at the Kazan Properties and $151,874 (December 31, 2022 - $147,872) to a contractor operating at the Pangeni Project.

(Expressed in Canadian dollars)

5. INVESTMENTS

	As at March 31, 2023			As at December 31, 2022		
	Shares	**Fair Value**	**Cost**	Shares	Fair Value	Cost
Thunder Mountain shares	**2,500,000**	**$ 318,025**	**$ 334,725**	2,500,000	$ 277,652	$ 334,725

In September 2019, the Company acquired 2,500,000 common shares of Thunder Mountain Gold Inc. in a private placement, at US$0.10 per share for a total cost of $334,725 (US$250,000). Thunder Mountain trades on the OTCQB under the symbol 'THMG'.

During the three months ended March 31, 2023, the Company recognized an unrealized gain on investments of $40,373 (March 31, 2022 – unrealized loss $181,642) on the statements of loss and comprehensive loss.

6. LOANS

In August 2022, the Company entered into a loan agreement with B2Gold Corp. ("B2Gold"), a related party of the Company by virtue of common key managerial persons, for an unsecured loan in the principal amount of US$5,000,000 (the "Loan" or "Transaction"). The Loan matures on August 4, 2025 and bears interest at a rate of 4.7% per annum. The interest on the Loan is to be paid or accrued annually at the discretion of the Company and the Loan is repayable in part or in full at any time without penalty. The Company did not incur any financing costs related to the Loan.

		US$
Balance, December 31, 2021	$ -	$ -
Loan principal	6,426,735	5,000,000
Interest, accrued	128,579	95,932
Foreign exchange loss	346,616	-
Balance, December 31, 2022	6,901,930	5,095,932
Interest, accrued	78,330	57,945
Foreign exchange gain	(5,520)	-
Balance, March 31, 2023	$ 6,974,740	$ 5,153,877

7. EQUITY

(a) Authorized

Unlimited common shares with no par value
Unlimited preferred shares with no par value

(b) Issued and fully paid common shares

Three months ended March 31, 2023

No shares were issued during the three months ended March 31, 2023

Three months ended March 31, 2022

No shares were issued during the three months ended March 31, 2022

(Expressed in Canadian dollars)

7. EQUITY (continued)

(c) Warrants

During the three months ended March 31, 2023 no warrants were exercised or issued by the Company.

During the year ended December 31, 2022 no warrants were exercised or issued by the Company and 1,076,006 warrants expired unexercised.

Following is a summary of changes in warrants outstanding:

	Number of warrants		Weighted average exercise price
Balance, December 31, 2021	1,076,006	$	0.40
Expired	(1,076,006)		0.40
Balance, December 31, 2022, and March 31, 2023	-	$	-

(d) Share options

The Company has an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSX-V requirements, grant non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve-month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

Share-based compensation expense recognized for the vesting of options during the three months ended March 31, 2023, was $91,260 (March 31, 2022: $295,898), of which $10,901 (March 31, 2022: $54,893) was capitalized to exploration and evaluation assets on the statement of financial position, and $80,369 (March 31, 2022: $241,005) was expensed directly to the statements of loss and comprehensive loss.

Following is a summary of changes in share options outstanding:

	Number of options		Weighted average exercise price
Balance, December 31, 2021	17,220,000	$	0.29
Cancelled	(225,000)		0.43
Balance, December 31, 2022, and March 31, 2023	16,995,000	$	0.29

The following table summarizes information about share options outstanding at March 31, 2023:

Outstanding	Exercisable		Exercise price	Expiry date
2,520,000	2,520,000	$	0.060	December 9, 2026
2,250,000	2,250,000		0.240	February 27, 2028
750,000	750,000		0.210	October 1, 2028
3,600,000	3,600,000		0.235	January 7, 2030
750,000	750,000		0.365	July 15, 2030
5,725,000	3,816,667		0.425	June 1, 2031
750,000	583,333		0.425	July 7, 2031
650,000	433,333		0.270	November 19, 2031
16,995,000	14,703,333			

8. RELATED PARTY TRANSACTIONS

Included within fees and salaries are amounts paid to key management personnel, which are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the three months ended March 31, 2023, key management personnel compensation, including directors and officers, was comprised of $225,954 (March 31, 2022 - $296,499), of which $52,736 related to share-based compensation, $127,066 related to fees and salaries and $46,152 was capitalized to Exploration and evaluation assets (March 31, 2022 - $128,073, $134,301 and $34,125 respectively).

During the three months ended March 31, 2023, the Company paid or accrued fees of $57,048 (March 31, 2022 - $87,896) to B2Gold that were capitalized to Exploration and evaluation assets. During the year ended December 31, 2022, the Company entered into a US$5 million loan agreement with B2Gold (Note 6).

As at March 31, 2023 amounts included in accounts payable and accrued liabilities due to related parties was $18,292 (December 31, 2022: $84,335).

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

Cash, term deposit, amounts receivable, exploration advances, trade and other payables and loan are carried at amortized cost which approximates fair value due to the short-term nature of these instruments. Common shares of publicly traded companies included in investments are classified as FVOCI.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of these financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. As at March 31, 2023, the Company had current liabilities of $346,850 and working capital of $4,524,542 (Note 1).

The Company's Loan with a principal owing of US$5,000,000 matures on August 4, 2025. The Loan bears interest at a rate of 4.7% per annum which can be paid or accrued annually at the discretion of the Company (Note 6). The Company also has commitments or option payments arising in 2023 related to the Pangeni Copper Project (Note 4).

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's reporting

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars and the Japanese Yen. A portion of the Company's exploration and evaluation expenditures are incurred in Zambia, but are predominantly transacted in US dollars. The Company maintains Canadian dollar and US dollar bank accounts in Canada and Japanese Yen ("¥") bank accounts in Japan. The Company is subject to gains and losses from fluctuations in the US dollar and the Yen against the Canadian dollar. The Company held a net monetary liability position of $3,711,652 in US dollars and a net monetary asset position of $223,896 in Japanese Yen as of March 31, 2023, with the effect on profit or loss before tax of a 10% fluctuation to the CAD dollar being $348,775.

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 market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and interest payable on the B2Gold Loan which is at a fixed rate. Changes in short-term interest rates will not have a significant effect on the fair value of the Company's cash account.

Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including copper, zinc, silver, gold, and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations. In addition, the Company's investments which are comprised of publicly traded equity securities are subject to price risk.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of the Company's business is in exploration.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company is exposed to price risk with respect to its investment in THMG (Note 5).

10. CAPITAL MANAGEMENT

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts.

The capital structure of the Company includes shareholders' equity. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management.

(Expressed in Canadian dollars)

11. SEGMENTED INFORMATION

The Company operates in one segment, being exploration and evaluation of mineral properties, in Zambia and Japan. Geographic segmentation is as follows:

March 31, 2023	Zambia	Japan	Total
Exploration and evaluation assets	$ 5,022,542	$ 18,046,916	$ 23,069,458

December 31, 2022	Zambia	Japan	Total
Exploration and evaluation assets	$ 5,020,703	$ 17,027,697	$ 22,048,400