

Gold Springs Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

Gold Springs Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in U.S. dollars)

	Note	September 30, 2023	December 31, 2022
		\$	\$
Assets			
<i>Current</i>			
Cash and cash equivalents		297,225	278,023
Restricted cash	6	-	131,694
Receivables and prepaids	4	28,752	128,449
		325,977	538,166
<i>Non-current assets</i>			
Equipment		198,266	250,550
Reclamation deposit	5	593,983	554,293
Mining claims and deferred exploration costs	5	24,709,045	24,435,720
Total Assets		25,827,271	25,778,729
Liabilities			
<i>Current</i>			
Accounts payable, accrued and other liabilities	9	287,034	975,373
Loan payable	7	29,584	29,532
Redemption liability	6	113,880	131,694
Deferred consideration for Gold Springs Project exploration costs	5	-	300,000
		430,498	1,436,599
Equity attributable to shareholders			
Share capital	8	101,167,018	99,721,151
Contributed surplus	8	14,225,033	14,140,252
Accumulated other comprehensive loss		(517,376)	(482,741)
Deficit		(89,477,902)	(89,036,532)
		25,396,773	24,342,130
Total Liabilities and Shareholders' Equity		25,827,271	25,778,729

Going concern (Note 1)

Contingencies (Note 10)

Approved by the Board of Directors:

(signed) "Tina Woodside-Shaw"

(signed) "Victor Dario"

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

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

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
General and administrative expenses					
Professional fees	9	23,772	33,337	104,246	138,994
Wage, benefits and management fees	9	30,861	36,859	103,420	122,145
Office and administration		20,877	18,605	78,134	80,089
Filing and transfer agent fees		14,929	8,723	64,484	56,255
Depreciation and amortization		17,382	17,864	52,284	36,259
Directors' fees	9	7,746	11,606	33,353	38,322
Shareholder information and investor relations		2,624	21,745	12,761	34,002
Share-based payments	8,9	63,859	80,289	44,061	402,521
Total general and administrative expenses		(182,050)	(229,028)	(492,743)	(908,587)
Other income (expenses)					
Interest and other income		3,705	10,758	8,478	24,385
Gain on extinguishment of redemption liability	6	17,814	-	17,814	-
Foreign exchange gain (loss)		3,843	(8,813)	25,081	(17,249)
Total other income (expenses)		25,362	1,945	51,373	7,136
Net loss for the period		(156,688)	(227,083)	(441,370)	(901,451)
Other comprehensive income (loss)					
<i>Items that may be subsequently reclassified to profit or</i>					
Currency translation differences		(8,097)	(32,892)	(34,635)	(74,752)
Total other comprehensive loss for the period		(8,097)	(32,892)	(34,635)	(74,752)
Total comprehensive loss for the period		(164,785)	(259,975)	(476,005)	(976,203)
Net loss per share:					
Basic and Diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding:					
Basic and Diluted		264,206,245	256,870,408	262,583,261	255,686,003

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

Gold Springs Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity
For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	AOCL ¹	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance, December 31, 2021	254,091,374	98,804,638	14,047,377	(408,206)	(87,865,481)	24,578,328
Shares issued on option exercise	4,087,782	425,452	(204,235)	-	-	221,217
Shares issued on Secured Rights Warrants exercise	2,000,000	295,461	(108,136)	-	-	187,325
Share-based payments	-	-	427,025	-	-	427,025
Total comprehensive loss	-	-	-	(74,752)	(901,451)	(976,203)
Balance, September 30, 2022	260,179,156	99,525,551	14,162,031	(482,958)	(88,766,932)	24,437,692
Shares issued on option exercise	451,724	66,979	(26,103)	-	-	40,876
Shares issued on Secured Rights Warrants exercise	1,000,000	128,621	(47,100)	-	-	81,521
Share-based payments	-	-	51,424	-	-	51,424
Total comprehensive income (loss)	-	-	-	217	(269,600)	(269,383)
Balance, December 31, 2022	261,630,880	99,721,151	14,140,252	(482,741)	(89,036,532)	24,342,130
Shares returned to treasury	(250,722)	(20,811)	20,811	-	-	-
Shares issued on private placement	20,000,000	1,482,400	-	-	-	1,482,400
Less: issue costs - cash	-	(15,722)	-	-	-	(15,722)
Issue costs, Secured Rights warrants	-	-	14,017	-	-	14,017
Share-based payments	-	-	49,953	-	-	49,953
Total comprehensive loss	-	-	-	(34,635)	(441,370)	(476,005)
Balance, September 30, 2023	281,380,158	101,167,018	14,225,033	(517,376)	(89,477,902)	25,396,773

¹ Accumulated other comprehensive loss

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

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Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

	September 30, 2023	September 30, 2022
	\$	\$
Cash flows (used in) from operating activities		
Net loss for the period	(441,370)	(901,451)
<i>Items not affecting cash</i>		
Depreciation and amortization	52,284	36,259
Share-based payments	44,061	402,521
Gain on extinguishment of redemption liability	(17,814)	
Interest income	(8,478)	(24,385)
	(371,317)	(487,056)
 <i>Changes in non-cash operating working capital</i>		
Change in receivables and prepaids	99,697	102,269
Change in accounts payable and accrued liabilities	(30,458)	(55,648)
	(302,078)	(440,435)
 Cash flows (used in) from investing activities		
Mining claims and deferred exploration costs	(1,044,854)	(3,393,528)
Consideration received for Gold Springs Project Secured Rights	(32,527)	-
Reclamation deposit	(39,690)	-
Purchase of equipment	-	(163,744)
Interest received	8,478	22,883
Receipts from collection of Escalones sales proceeds receivable	-	392,126
	(1,108,593)	(3,142,263)
 Cash flows from financing activities		
Private placement	1,348,484	-
Share issuance costs	(15,722)	-
Exercise of options	-	221,217
Exercise of Secured Rights Warrants	-	187,325
Receipt of previously restricted cash	131,694	-
	1,464,456	408,542
 Increase (decrease) in cash and cash equivalents	53,785	(3,174,156)
Foreign exchange effect on cash and cash equivalents	(34,583)	(74,846)
Cash and cash equivalents - Beginning of period	278,023	3,824,025
Cash and cash equivalents - End of period	297,225	575,023

Supplemental cash flow information (Note 12)

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

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

1 Nature of operations and going concern

Gold Springs Resource Corp. (“GRC” or the “Company”) was incorporated pursuant to the *Canada Business Corporations Act* by articles of incorporation dated September 28, 2006 and was continued under the *Business Corporations Act* (British Columbia) (“BCBCA”) on December 17, 2013. The Company is listed on the Toronto Stock Exchange (“TSX”) under the stock symbol GRC and on the OTCQB Venture Market (“OTCQB”) in the U.S. under the stock symbol GRCAF. The Company’s registered and head office is located at Suite 1100, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5. The Company’s principal activities include the acquisition, exploration and development of mineral properties. The principal country where the Company has been undertaking exploration activities is the United States. Property interests are held through wholly owned subsidiaries.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months from September 30, 2023.

The Company has incurred losses since inception and expects to incur further losses in the development of its operations and at September 30, 2023, the Company had a working capital deficiency of \$104,501 (December 31, 2022 –\$898,433). At that date, the Company also had an accumulated deficit of \$89,477,902 which has been funded primarily by the issuance of equity.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although 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 advantageous to the Company. These factors give rise to material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, whether it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2022.

These financial statements were approved by the board of directors on November 10, 2023.

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(Unaudited - Expressed in U.S. dollars)

Basis of consolidation

The consolidated financial statements include the results or financial information of Gold Springs Resource Corp. and its significant wholly-owned subsidiaries listed in the following table:

Name	Country of incorporation
Escalones Resource Corp.	Canada
High Desert Gold Corporation	Canada
Gold Springs Resource Corp. (Delaware)	U.S.A.
Gold Springs LLC	U.S.A.

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

3 Use of estimates, assumptions and judgments

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

4 Receivables and prepaids

	September 30, 2023	December 31, 2022
	\$	\$
GST receivable	1,967	4,525
Other prepaids and advances	26,785	123,924
	28,752	128,449

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5 Mining claims and deferred exploration costs

Mining claims and deferred exploration costs are associated with the following projects:

	Gold Springs
	\$
Balance, December 31, 2022	24,435,720
Land and option payments	242,720
Laboratory	105,696
Field supplies	2,570
Camp	19,991
Geologists and personnel	109,092
Drilling	17,817
Environmental and permitting	4,700
Technical consulting	1,700
Travel and accommodation	16,603
Share-based payments	5,892
	526,781
Secured Rights consideration, net of transaction costs	(253,456)
Balance, September 30, 2023	24,709,045

Gold Springs, USA

The Gold Springs mineral property was acquired through the 2013 acquisition of High Desert Gold Corporation (“HDG”). The Company owns 100% of the Gold Springs property free of royalties except as noted below.

During the year ended December 31, 2017 the Company increased the size of the Gold Springs property by entering into lease and surface use agreements. Pursuant to the agreements, the Company has entered into a 30 year lease beginning on October 25, 2017 for the mineral rights on certain patented mining claims and a 30 year surface use agreement on certain homestead lands (“Homestake property”) upon payment as follows: \$41,035 paid on execution of the agreement, \$40,000 on October 25, 2018 (paid), \$45,000 on October 25, 2019 (paid), \$50,000 on October 25, 2020 (paid) and \$55,000 on each anniversary until October 25, 2047 (current as of September 30, 2023).

Royalties

The Company is currently subject to two small royalties on two of its property interests. Of the current defined resources, less than 1% are subject to royalties. Upon commencement of commercial production on the Homestake property, the Company is to pay the lessor a 3% net smelter returns royalty (“NSR”). The Company has the right and option, prior to commencement of commercial production, to buy back 0.5% of the net smelter returns royalty for the sum of \$1,000,000, payable within 60 days from and after commencement of commercial production. In addition, the Company entered into a separate mineral lease agreement (no contractual payments outstanding) which requires the Company to pay the lessor of the properties a 3% NSR on any Leased Substances mined and marketed by the Company from the applicable property.

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Reclamation Deposit

As at September 30, 2023 the Company had \$593,983 (2022 - \$554,293) of cash on direct deposit with Nevada and Utah land and environmental regulatory authorities for future remediation costs.

Resource Expansion Program

On April 27, 2021 and June 24, 2021, the Company issued the first and second tranches, respectively, of the Series A Secured Rights for aggregate proceeds of \$3,000,000 (collectively, the “Series A Secured Rights”) with funds received committed to exploration of the Gold Springs Project (the “Resource Expansion Program”). The first tranche was for a total of \$2,000,000 Series A Secured Rights of the Company and the second tranche was for a total of \$1,000,000 Series A Secured Rights of the Company (collectively, the “Series A Secured Rights”).

Participants in each of the first and second tranches (the “Series A Secured Rights Holders”) were also issued 2,000,000 common share purchase warrants and 1,000,000 common share purchase warrants, respectively, (collectively, “Secured Rights Warrants”), with each Secured Rights Warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of Cdn\$0.11 and Cdn\$0.14, respectively, per share. Upon the occurrence of an Exit Transaction, whereby the Company sells the Gold Springs Project or the Company is sold (an “Exit Transaction”) to a third party (an “Acquirer”), the Series A Secured Rights Holders of the first \$10 million raised under the Resource Expansion Program will be entitled to receive 1.5% of the net sale proceeds for every \$1 million (subsequently amended to every \$100,000) invested, being the minimum investment amount. In certain circumstances, the Series A Secured Rights can be converted into a net profit royalty interest.

Consideration received from the Series A Secured Rights under the Resource Expansion Program was accounted for as a disposal of an interest in the Gold Springs Project. When the Series A Secured Rights funds are received they are recorded as deferred consideration, and, subsequent to closing of each applicable Secured Rights tranche, as those funds are expended on exploration costs and expansion of the mineral property the deferred consideration is offset against the carrying cost of the mineral property.

Proceeds received under the Resource Expansion Program are to be used, among others, to fund resource-expansion and definition drilling, extensive metallurgical testing, the completion of a preliminary feasibility study, the completion of an environmental impact statement, and work required to obtain a mine permit. At least 95% of the consideration received must be used for exploration costs and exploration-related capital assets.

On February 8, 2023, the Company closed an additional tranche (the “Additional Tranche”) of its previously announced non-brokered private placement offering of secured rights (the “Offering”). The Additional Tranche closing was for a total of \$300,000 Series A Secured Rights of the Company (the “Additional Series A Secured Rights”) and the investors in the Additional Tranche were also issued 300,000 common share purchase warrants (“Warrants”), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing date of the Additional Tranche at a price of Cdn\$0.13 per share. The balance of the Series A Secured Rights consideration received and outstanding as at September 30, 2023 is \$nil (December 31, 2022 - \$300,000) and is included as deferred consideration on the consolidated statements of financial position. The recognition of the Series A Secured Rights consideration for the nine months ended September 30, 2023 is as follows:

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(Unaudited - Expressed in U.S. dollars)

	September 30, 2023
	\$
Balance, December 31, 2022	300,000
Legal and other transaction costs	(32,527)
Fair value of Secured Rights Warrants issued	(14,017)
Initial amount recognized as deferred consideration	253,456
Use of deferred consideration for exploration expenditures	(300,000)
Capitalization of aggregate issuance transaction costs	46,544
Total consideration recognized during the period	(253,456)
Balance, September 30, 2023	-

6 Restricted cash and redemption liability

On November 4, 2019 the Class B shares of the Company were redeemed for \$0.09827 per Class B share for an aggregate redemption amount of \$11,436,186. As at September 30, 2023 there was \$nil (December 31, 2022 - \$131,694) of redemption funds remaining held in trust with the Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders. On May 9, 2023, the funds, previously held in trust with the Company's Transfer Agent, were returned to the Company as the Company has assumed the redemption payment obligation for the remaining eligible unredeemed Class B shares. On June 15, 2023, 250,722 unexchanged common shares were cancelled and returned to treasury (Note 8). Included in the 250,722 were 180,727 unexchanged shares which carried an associated Class B redemption liability of \$17,814. Upon return to treasury of the 250,722 unexchanged shares, the associated Class B redemption liability was extinguished with a corresponding gain on extinguishment of \$17,814 being recognized in the consolidated statements of earnings (loss).

7 Loan payable

In May 2020, the Company received \$29,584 (Cdn \$40,000) in the form of a Canada Emergency Business Account ("CEBA") loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to January 18, 2024 (previously December 31, 2022), the "Initial Term", no interest is charged on the amount outstanding. In January 2022 an extension to the interest free period was announced by the Government of Canada to extend the Initial Term from December 31, 2022 to December 31, 2023 (the "Government Announcement"). On September 14, 2023, the Government further extended the repayment deadline to January 18, 2024. As part of the Government Announcement, it was confirmed that should repayment of the CEBA loan occur on or before the new deadline of January 18, 2024, up to 25% of the value of the CEBA loan will be forgiven. Accordingly, should at least Cdn\$ 30,000 of the principal be repaid on or before the end of the Initial Term the remaining Cdn \$10,000 of principal will be forgiven. During the period from January 19, 2024 to December 31, 2026 (the "Extended Term"), should the loan remain outstanding, interest will be payable monthly at rate of 5% per annum on the

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outstanding balance. The balance of the CEBA loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the Initial Term.

8 Share capital

Authorized

An unlimited number of common shares without par value and up to 127,328,790 Class B shares without par value. The holders of the common shares are entitled to one vote per share. The holders of the common shares are entitled to dividends, when and if declared by the directors of the Company. No dividends have ever been declared or paid as at September 30, 2023.

No Class B shares are outstanding as at September 30, 2023 (December 31, 2022 – nil) (Note 6).

Financings

On September 18, 2023, the Company closed a non-brokered private placement, issuing 20,000,000 common shares at a price of Cdn \$0.10 per share with no commissions paid or warrants issued, raising gross proceeds of \$1,482,400 (Cdn \$2,000,000). The Company incurred share issuance costs of \$15,722.

On June 15, 2023, 250,722 unexchanged common shares (the “Subject Shares”) were cancelled and returned to treasury. A value of \$20,811 was transferred from share capital to contributed surplus as a result. The Subject Shares were to be issued pursuant to a plan of arrangement dated December 20, 2013 (the “Arrangement”) to certain shareholders of South American Silver Corp. and High Desert Gold Corporation (both predecessors of the Corporation) upon surrender of their shares in such predecessor corporations on or prior to the sixth anniversary of the effective date of the Arrangement (the “Deadline”). Pursuant to the terms of the Arrangement, the Subject Shares were deemed to have been surrendered to the Corporation on December 20, 2019 as the shareholders entitled to the Subject Shares did not surrender their shares in the predecessor corporations by the Deadline.

During the year ended December 31, 2022, a total of 2,435,058 stock options were exercised for gross proceeds of \$262,093. A value of \$162,825 was transferred from the share-based payment reserve to share capital as a result.

During the year ended December 31, 2022, a total of 3,000,000 Secured Rights Warrants were exercised for gross proceeds of \$268,846 and a value of \$155,236 was transferred from the issuance costs reserve to share capital as a result.

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Stock options

The Company's stock options outstanding as at September 30, 2023 and the changes for the nine months then ended are as follows:

	Number of options	Weighted average exercise price (per share) Cdn \$	Weighted average remaining life (years)
Balance – December 31, 2022	14,879,942	0.17	2.22
Granted ¹	7,162,500	0.085	
Expired	(308,276)	0.14	
Forfeited ²	(6,260,000)	0.17	
Balance – September 30, 2023	15,474,166	0.13	2.06
Exercisable – December 31, 2022	9,413,055	0.16	1.58

¹ Included in options granted during the period ended September 30, 2023 are (i) 2,000,000 options which vest subject to the Company's share price reaching target prices of \$0.25 by December 31, 2023; \$0.40 and \$0.60, respectively, each by June 30, 2024; (ii) 1,000,000 options which vest subject to the Company announcing an additional \$6.7 million in Series A Secured Rights funding by December 31, 2023; (iv) 1,000,000 options which vest subject to the Company announcing an additional \$10 million in Series B Secured Rights funding by December 31, 2024 and (v) 600,000 options which vest subject to the Company securing new funding, based on 100,000 options granted for each \$1 million raised, by December 31, 2024.

² 6,260,000 options were forfeited at September 30, 2023 as the vesting conditions were not achieved. As a result, \$63,765 of previously recognized share-based compensation expense was reversed and credited against share-based compensation expense in the consolidated statements of earnings (loss).

During the three and nine months ended September 30, 2023, the Company recorded share-based payments of \$67,947 and \$49,953, respectively, (2022 – \$99,479 and \$427,025, respectively), in respect of the vesting of previously granted and newly granted stock options, of which \$63,859 and \$44,061, respectively, (2022 – \$80,289 and \$402,521, respectively,) was recorded as a charge to operations. A net expense amount of \$5,892 was included in deferred exploration costs for the nine months ended September 30, 2023 (2022 - \$24,504). A reversal of share-based compensation of \$5,644 was applied to deferred exploration costs during the nine months ended September 30, 2023 (2022 - \$nil) regarding 110,000 stock options which were forfeited during the period.

The weighted average grant date fair value of 5,162,500 options, with no market conditions, granted during the nine months ended September 30, 2023 was \$0.03 per option (2022 - \$0.07 per option). The fair value of each option grant during the nine months ended September 30, 2023 was estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	2023
Weighted average exercise price	Cdn. \$0.085
Weighted average grant date share price	Cdn. \$0.085
Risk-free interest rate	4.21%
Expected life	3 years
Expected volatility	76%
Dividend rate	0%

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The weighted average grant date fair value of 2,000,000 options, with market conditions, granted during the nine months ended September 30, 2023 was \$0.004 per share (2022 - \$0.04 per share). The fair value of each market condition option grant during the nine months ended September 30, 2023 was estimated at the time of the grant using a Barrier option pricing model with assumptions for grants as follows:

	2023
Weighted average exercise price	Cdn. \$0.085
Weighted average grant date share price	Cdn. \$0.085
Risk-free interest rate	4.63%
Expected life	3 years
Expected volatility	93%
Barrier range	Cdn. \$0.25 - \$0.60
Dividend rate	0%

Grant date share price is the closing market price on the date the options were granted. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the options granted.

The balance of options outstanding as at September 30, 2023 is as follows:

Expiry date	Exercise price Cdn\$	Number of options outstanding	Number of options exercisable
June 11, 2024	0.120	1,620,000	1,620,000
July 12, 2024	0.175	833,333	833,333
July 27, 2024	0.165	225,000	225,000
May 3, 2025	0.195	4,250,000	4,250,000
July 6, 2025	0.165	1,383,333	697,222
August 17, 2026	0.085	7,162,500	1,562,500
		15,474,166	9,413,055

All of the outstanding options have associated share appreciation rights which allow the optionees to exercise their options on a cashless basis resulting in a lesser number of common shares to be issued to the optionee pursuant to their exercise.

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(Unaudited - Expressed in U.S. dollars)

Warrants

The Company's warrants outstanding as at September 30, 2023 and the changes for the three months then ended are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
		Cdn \$	
Balance – December 31, 2022	-	-	-
Issued ¹	300,000	0.13	
Balance – September 30, 2023	300,000	0.13	1.36

¹ During the nine months ended September 30, 2023, the Company issued 300,000 Secured Rights Warrants to the Series A Secured Rights Investors as part of the Resource Expansion Financing Program. Each Secured Rights Warrant shall entitle the holder to purchase one common share of the Company for a period of two years, exercisable at an exercise price of Cdn\$0.13. The aggregate fair value of the Secured Rights Warrants issued of \$14,017 was recognized as a transaction cost against the proceeds received from the issuance of the Series A Secured Rights (Note 5).

The weighted average grant date fair value of Secured Rights Warrants issued during the nine months ended September 30, 2023 was \$0.05 per share (2022 - \$nil per share). The fair value of each Secured Rights Warrant issued during the nine months ended September 30, 2023 was estimated at the time of the issuance using the Black-Scholes option pricing model with the following assumptions:

	2023
Weighted average exercise price	Cdn. \$0.13
Weighted average issue date share price	Cdn. \$0.12
Risk-free interest rate	3.98%
Expected life	2 years
Expected volatility	101%
Dividend rate	0%

Issue date share price is the closing market price on the date the Secured Rights Warrants were issued. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the Secured Rights Warrants issued.

The balance of warrants outstanding as at September 30, 2023 is as follows:

Expiry Date	Exercise Price Cdn\$	Number of warrants outstanding
February 8, 2025	0.13	300,000

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

9 Related party transactions

Key management includes all the Officers and Directors of the Company. The compensation paid or payable to key management for services during the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Directors' fees	7,650	10,950	33,450	37,650
Professional fees	36,364	44,818	125,195	144,447
Wages and benefits	-	46,250	46,250	138,750
Share-based payments	63,860	93,033	48,083	417,575
	107,874	195,051	252,978	738,422

Included in accounts payable and accrued liabilities at September 30, 2023 is an amount of \$117,879 (December 31, 2022 - \$152,337) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

The Company incurred the following additional expenditures with related parties during the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Deferred financing fees	-	505	-	17,923
Financing fees	8,489	-	13,495	-
Professional fees	16,736	25,619	76,743	82,405
	25,225	26,124	90,238	100,328

During the nine months ended September 30, 2023, the Company received working capital advances of \$700,000, being \$600,000 in cash and \$100,000 in accounts payable converted to working capital advances, of which \$300,000 was provided by the CEO and President and a director of the Company (the "CEO"). These amounts, in addition to \$33,916 of accounts payable to the CEO, were settled for shares as part of the September 18, 2023 private placement (Note 8).

10 Contingencies and Pledge

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

Resource Expansion Financing Program

Under the terms of the Resource Expansion Program, the Company has given certain warranties and covenants to the Series A Secured Rights Investors, including a guarantee for its obligations under the funding agreement, and it has pledged 25% of the issued and outstanding shares of its U.S subsidiary corporation that beneficially owns the Gold Springs Project (the “Gold Spring Subsidiary”).

Under the terms of the Resource Expansion Financing Program, if the Company is subject to a successful hostile take-over bid the Series A Secured Rights Investors are entitled to receive a cash payment equal to 5 times their amount invested and if the Company fails to comply with general obligations of the Resource Expansion Program, the Investors are entitled to a similar payment.

11 Segment information

The Company’s operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company’s assets and liabilities as at September 30, 2023 and December 31, 2022 is as follows:

	September 30, 2023	December 31, 2022
Identifiable assets		
	\$	\$
Canada	307,200	493,256
United States	25,520,071	25,285,473
Total assets	25,827,271	25,778,729
	September 30, 2023	December 31, 2022
Identifiable liabilities		
	\$	\$
Canada	291,699	775,190
United States	138,799	661,409
Total liabilities	430,498	1,436,599

Geographic segmentation of the Company’s net earnings (loss) for the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Canada	(133,758)	(206,424)	(373,875)	(837,801)
United States	(22,930)	(20,659)	(67,495)	(63,650)
Net earnings (loss)	(156,688)	(227,083)	(441,370)	(901,451)

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in U.S. dollars)

12 Supplemental cash flow information

The Company conducted non-cash activities during the nine months ended September 30, 2023 and 2022 as follows:

	September 30, 2023	September 30, 2022
	\$	\$
Investing activities		
Deferred exploration costs included in accounts payable	107,090	940,487
Deferred exploration costs included in accounts payable as at December 31, 2022 and 2021 respectively	(631,055)	(20,062)
Issue costs, capitalized to deferred exploration costs	46,544	23,493
Financing activities		
Exercise of options	-	67,513
Issue costs, Secured Rights Warrants	14,017	-
Share-based payments included in deferred exploration costs	5,892	24,504

Cash and cash equivalents as at September 30, 2023 and 2022 was comprised solely of cash.

13 Financial instruments

The Company's financial instruments as at September 30, 2023 consist of cash and cash equivalents, reclamation deposits, accounts payable, redemption obligations, and loan payable which are all classified as amortized cost.

Fair Value of Financial Instruments

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The Company's activities expose it to a variety of financial risks: market risk (including, primarily, currency risk and interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2020. At September 30, 2023 the Company's primary exposure to financial instrument risk is from exposure to currency exchange rate risks to the extent of its activities in the U.S. and/or in currencies which are not the functional currency of the economic environment in which the Company or its subsidiaries operate. Based on this exposure as at September 30, 2023 a 5% change in exchange rates could give rise to a change in the net gain by approximately \$4,000 (December 31, 2022 - loss of \$4,000), which is primarily driven by the parent Company's USD accounts payable and accrued liabilities balance of \$62,000 at September 30, 2023 (December 31, 2022 – driven by cash balance of \$132,000) (because the parent Company has a Canadian Dollar functional currency). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.