

# **Gold Springs Resource Corp.**

*(An Exploration Stage Company)*

Condensed Interim Consolidated Financial Statements

**Three months ended March 31, 2022 and 2021**

*(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	March 31, 2022	December 31, 2021
		\$	\$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents		3,622,482	3,824,025
Restricted cash	6	131,694	131,694
Receivables and prepaids	4	144,812	580,053
		3,898,988	4,535,772
<i>Non-current assets</i>			
Equipment		205,960	140,595
Reclamation deposit	5	518,152	518,152
Mining claims and deferred exploration costs	5	20,264,490	19,971,593
<b>Total Assets</b>		24,887,590	25,166,112
<b>Liabilities</b>			
<i>Current</i>			
Accounts payable and accrued liabilities	9	212,828	182,386
Loan payable	7	-	31,552
Redemption liability	6	131,694	131,694
Deferred consideration for Gold Springs Project exploration costs	5	-	242,152
		344,522	587,784
<i>Non-current liabilities</i>			
Loan payable	7	32,012	-
		376,534	587,784
<b>Equity attributable to shareholders</b>			
Share capital	8	98,861,881	98,804,638
Contributed surplus	8	14,113,592	14,047,377
Accumulated other comprehensive loss		(355,623)	(408,206)
Deficit		(88,108,794)	(87,865,481)
		24,511,056	24,578,328
<b>Total Liabilities and Shareholders' Equity</b>		24,887,590	25,166,112

Contingencies (Note 10)

Approved by the Board of Directors:

(signed) "Tina Woodside-Shaw"

(signed) "Roman Mironchik"

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 ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	Note	March 31, 2022 \$	March 31, 2021 \$
<b>General and administrative expenses</b>			
Professional fees	9	49,346	61,374
Wages and benefits	9	41,175	51,892
Shareholder information and investor relations		3,392	10,935
Office and administration		17,485	29,331
Directors' fees	9	10,809	14,304
Filing and transfer agent fees		35,100	35,414
Reconnaissance and sundry exploration		-	6,564
Share-based payments	8,9	87,006	2,029
Depreciation and amortization		2,331	6,381
Consulting		-	5,517
		(246,644)	(223,741)
<b>Other income (expenses)</b>			
Interest and other income		4,952	4,401
Foreign exchange gain (loss)		(1,621)	(3,807)
Net loss from equity accounted investment		-	(233,933)
		3,331	(233,339)
<b>Net loss for the period</b>		(243,313)	(457,080)
<b>Other comprehensive income (loss)</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences		52,583	21,267
<b>Total other comprehensive income for the period</b>		52,583	21,267
<b>Total comprehensive loss for the period</b>		(190,730)	(435,813)
<b>Net loss per share:</b>			
<b>Basic and Diluted</b>		(0.00)	(0.00)
<b>Weighted average number of shares outstanding:</b>			
<b>Basic and Diluted</b>		254,286,157	249,039,073

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 months ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	AOCI(L) <sup>1</sup>	Deficit	Total
	Number	\$	\$	\$	\$	\$
<b>Balance, December 31, 2020</b>	<b>249,039,073</b>	<b>98,491,472</b>	<b>13,757,700</b>	<b>(305,356)</b>	<b>(88,984,299)</b>	<b>22,959,517</b>
Share-based payments	-	-	2,029	-	-	2,029
Total comprehensive income (loss)	-	-	-	21,267	(457,080)	(435,813)
<b>Balance, March 31, 2021</b>	<b>249,039,073</b>	<b>98,491,472</b>	<b>13,759,729</b>	<b>(284,089)</b>	<b>(89,441,379)</b>	<b>22,525,733</b>
Shares issued on option exercise	5,052,301	313,166	(198,325)	-	-	114,841
Secured Rights warrants	-	-	155,236	-	-	155,236
Share-based payments	-	-	330,737	-	-	330,737
Total comprehensive income (loss)	-	-	-	(124,117)	1,575,898	1,451,781
<b>Balance, December 31, 2021</b>	<b>254,091,374</b>	<b>98,804,638</b>	<b>14,047,377</b>	<b>(408,206)</b>	<b>(87,865,481)</b>	<b>24,578,328</b>
Shares issued on option exercise	502,174	57,243	(24,601)	-	-	32,642
Share-based payments	-	-	90,816	-	-	90,816
Total comprehensive income (loss)	-	-	-	52,583	(243,313)	(190,730)
<b>Balance, March 31, 2022</b>	<b>254,593,548</b>	<b>98,861,881</b>	<b>14,113,592</b>	<b>(355,623)</b>	<b>(88,108,794)</b>	<b>24,511,056</b>

<sup>1</sup> Accumulated other comprehensive income (loss)

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 Cash Flows

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	March 31, 2022	March 31, 2021
	\$	\$
<b>Cash flows (used in) from operating activities</b>		
Net loss for the period	(243,313)	(457,080)
<i>Items not affecting cash</i>		
Depreciation and amortization	2,331	6,381
Net loss from equity accounted investment	-	233,933
Share-based payments	87,006	2,029
Interest income	(4,952)	(4,401)
	(158,928)	(219,138)
 <i>Changes in non-cash operating working capital</i>		
Change in receivables and prepaids	40,841	83,520
Change in accounts payable and accrued liabilities	(34,813)	(99,004)
	(152,900)	(234,622)
 <b>Cash flows (used in) from investing activities</b>		
Mining claims and deferred exploration costs	(465,984)	(168,657)
Receipts from collection of Escalones sales proceeds receivable	392,126	275,895
Purchase of equipment	(67,696)	(3,685)
Interest received	4,952	4,401
	(136,602)	107,954
 <b>Cash flows from (used in) financing activities</b>		
Exercise of options	32,642	-
	32,642	-
 <b>Decrease in cash and cash equivalents</b>	(256,860)	(126,668)
Foreign exchange effect on cash and cash equivalents	55,317	6,739
<b>Cash and cash equivalents - Beginning of period</b>	3,824,025	1,595,615
<b>Cash and cash equivalents - End of period</b>	3,622,482	1,475,686

Supplemental cash flow information (Note 12)

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

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

---

(Unaudited - Expressed in U.S. dollars)

## 1 Nature of operations and liquidity risk

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 880, 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6. 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 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.

At March 31, 2022, the Company had a working capital of \$3,554,466 (December 31, 2021 – working capital of \$3,497,988), which the Company believes is sufficient to meet its obligations and continue its operations for at least the next twelve months.

Beyond the next 12 months, the Company’s ability to continue as a going concern will be 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.

## 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, 2021, 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, 2021.

These financial statements were approved by the board of directors on May 12, 2022.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(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:

<b>Name</b>	<b>Country of incorporation</b>
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, 2021.

## 4 Receivables and prepaids

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
GST receivable	4,329	5,132
Other prepaids and advances	140,483	180,521
Receivables from sale of the Escalones property	-	394,400
	<b>144,812</b>	<b>580,053</b>



# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

## 5 Mining claims and deferred exploration costs

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

	<b>Gold Springs</b>
	\$
<b>Balance, December 31, 2021</b>	<b>19,971,593</b>
Land and option payments	6,796
Laboratory	226,771
Field supplies	400
Camp	15,554
Geologists and personnel	146,946
Drilling	15,436
Environmental and permitting	8,656
Technical consulting	63,198
Travel and accommodation	31,152
Trenching	16,220
Share-based payments	3,810
	534,939
Secured Rights consideration, net of transaction costs	(242,042)
<b>Balance, March 31, 2022</b>	<b>20,264,490</b>

### Gold Springs, USA

The Gold Springs mineral property was acquired through the 2013 acquisition of High Desert Gold Corporation (“HDG”).

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 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. In addition, upon commencement of commercial production, the Company is to pay the lessor a 3% net smelter returns royalty. 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.

As at March 31, 2022 the Company had \$518,152 (2021 - \$518,152) of cash on direct deposit with Nevada and Utah land and environmental regulatory authorities for future remediation costs.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

---

## *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 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 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.

During the year ended December 31, 2021, the Company incurred legal and other transaction costs of \$110,075 in connection with the issuance of the Series A Secured Rights. The aggregate fair value of Secured Rights Warrants issued of \$155,236 was recognized as a transaction cost against the proceeds received from the issuance of the Series A Secured Rights.

The balance of the Series A Secured Rights consideration received and outstanding as at March 31, 2022 is \$nil (December 31, 2021 - \$242,152) and is included as deferred consideration on the consolidated statements of financial position. The recognition of the Series A Secured Rights consideration for the three months ended March 31, 2022 is as follows:

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	<b>March 31, 2022</b>
	\$
<b>Balance, December 31, 2021</b>	<b>242,152</b>
Use of deferred consideration for exploration expenditures	(265,535)
Capitalization of aggregate issuance transaction costs	23,493
	(242,042)
Use of deferred consideration for administrative expenditures	(110)
Total consideration recognized during the period	(242,152)
<b>Balance, March 31, 2022</b>	<b>-</b>

## 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 March 31, 2022 there was \$131,694 (December 31, 2021 - \$131,694) of redemption funds remaining held in trust with Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders.

## 7 Loan payable

In May 2020, the Company received \$32,012 (CAD \$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 December 31, 2023 (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"). As part of the Government Announcement, it was confirmed that should repayment of the CEBA loan occur on or before the new deadline of December 31, 2023, up to one third (increased from 25%) of the value of the CEBA loan will be forgiven. Accordingly, should at least CAD\$ 26,667 of the principal be repaid on or before the end of the Initial Term the remaining CAD \$13,333 of principal will be forgiven. During the period from January 1, 2024 to December 31, 2025 (the "Extended Term"), should the loan remain outstanding, interest will be payable monthly at rate of 5% per annum on the 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 March 31, 2022.

No Class B shares are outstanding as at March 31, 2022 (December 31, 2021 – nil) (Note 6).

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

## Financings

On March 8, 2022, a total of 350,000 stock options were exercised for gross proceeds of \$32,642. A value of \$20,022 was transferred from the share-based payment reserve to share capital as a result.

During the year ended December 31, 2021, the Company issued 2,500,000 common shares on the exercise of options for gross proceeds of \$114,842. A value of \$59,405 was transferred from the share-based payment reserve to share capital as a result.

## Stock options

The Company's stock options outstanding as at March 31, 2022 and the changes for the three months then ended are as follows:

	Number of options	Weighted average exercise price (per share) Cdn \$	Weighted average remaining life (years)
Balance – December 31, 2021	19,477,500	0.13	1.47
Exercised <sup>1</sup>	(550,000)	0.10	
Expired	(175,000)	0.30	
<b>Balance – March 31, 2022</b>	<b>18,752,500</b>	<b>0.13</b>	<b>1.23</b>
<b>Exercisable – March 31, 2022</b>	<b>11,977,498</b>	<b>0.11</b>	<b>0.64</b>

<sup>1</sup> 200,000 options were exercised on a cashless basis during the three months ended March 31, 2022 resulting in the issuance of 152,174 common shares of the Company. Upon exercise of the options \$4,579, representing the previously recognized grant date fair value of the options exercised, was transferred from contributed surplus to share capital.

During the three months ended March 31, 2022, the Company recorded share-based payments of \$90,816 (2021 - \$2,209), in respect of the vesting of previously granted stock options, of which \$87,006 (2021 - \$2,029) was recorded as a charge to operations, and \$3,810 was included in deferred exploration costs for the three months ended March 31, 2022 (2021 - \$nil).

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

The balance of options outstanding as at March 31, 2022 is as follows:

Expiry date	Exercise price Cdn\$	Number of options outstanding <sup>1</sup>	Number of options exercisable <sup>1</sup>
April 8, 2022 <sup>1</sup>	0.06	4,500,000	4,500,000
May 1, 2022 <sup>2</sup>	0.045	2,000,000	2,000,000
May 9, 2022 <sup>3</sup>	0.045	500,000	500,000
June 12, 2022	0.30	1,527,500	1,527,500
September 9, 2022	0.08	250,000	250,000
August 31, 2023	0.145	200,000	200,000
June 11, 2024	0.120	3,125,000	2,083,332
July 12, 2024	0.175	6,650,000	916,666
		18,752,500	11,977,498

<sup>1</sup> Subsequent to March 31, 2022, 250,000 options (on a cashless basis) with an exercise price of Cdn\$0.06 were exercised resulting in the issuance of 175,000 common shares and 4,250,000 options expired unexercised.

<sup>2</sup> Subsequent to March 31, 2022, 2,000,000 options (on a cashless basis) with an exercise price of Cdn\$0.045 were exercised resulting in the issuance of 1,581,395 common shares.

<sup>3</sup> Subsequent to March 31, 2022, 500,000 options with an exercise price of Cdn\$0.045 per common share expired unexercised.

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.

## Warrants

The Company's warrants outstanding as at March 31, 2022 and the changes for the three months then ended are as follows:

	Number of warrants	Weighted average exercise price (per share) Cdn\$	Weighted average remaining life (years)
Balance – December 31, 2021	3,000,000	0.12	1.37
Expired	-	-	-
Granted	-	-	-
<b>Balance – March 31, 2022</b>	<b>3,000,000</b>	<b>0.12</b>	<b>1.13</b>

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

The balance of warrants outstanding as at March 31, 2022 is as follows:

<b>Expiry Date</b>	<b>Exercise Price Cdn\$</b>	<b>Number of warrants outstanding</b>
April 27, 2023	0.11	2,000,000
June 24, 2023	0.14	1,000,000
		3,000,000

## 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 ended March 31, 2022 and 2021 is as follows:

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	\$	\$
Directors' fees	10,950	14,400
Professional fees	54,881	6,044
Wages and benefits	46,250	92,500
Share-based payments	88,588	811
	200,669	113,755

Included in accounts payable and accrued liabilities at March 31, 2022 is an amount of \$81,135 (December 31, 2021 - \$56,213) 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 months ended March 31, 2022 and 2021:

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	\$	\$
Deferred financing fees	11,504	-
Professional fees	28,751	45,653
	40,255	45,653

## 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.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(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 March 31, 2022 and December 31, 2021 is as follows:

<b>Identifiable assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Canada	3,804,974	4,409,187
United States	21,082,616	20,756,925
<b>Total assets</b>	<b>24,887,590</b>	<b>25,166,112</b>

<b>Identifiable liabilities</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Canada	300,312	542,364
United States	76,222	45,420
<b>Total liabilities</b>	<b>376,534</b>	<b>587,784</b>

Geographic segmentation of the Company’s net earnings (loss) for the three ended March 31, 2022 and 2021 is as follows:

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	\$	\$
Canada	(237,370)	(419,740)
United States	(5,943)	(37,340)
<b>Net earnings (loss)</b>	<b>(243,313)</b>	<b>(457,080)</b>

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

## 12 Supplemental cash flow information

The Company conducted non-cash activities during the three months ended March 31, 2022 and 2021 as follows:

	March 31, 2022	March 31, 2021
	\$	\$
Investing activities		
Deferred exploration costs included in accounts payable	45,193	118,456
Deferred exploration costs included in accounts payable as at December 31, 2021 and 2020 respectively	(20,062)	(18,403)
Issue costs, capitalized to deferred exploration costs	23,493	-
Financing activities		
Exercise of options	4,579	-
Share-based payments included in deferred exploration costs	3,810	-

Cash and cash equivalents as at March 31, 2022 and 2021 was comprised solely of cash.

## 13 Financial instruments

The Company's financial instruments as at March 31, 2022 consist of cash and cash equivalents, receivables, 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.



# Gold Springs Resource Corp.

*(An Exploration Stage Company)*

Notes to the Condensed Interim Consolidated Financial Statements

For the three ended March 31, 2022 and 2021

---

*(Unaudited - Expressed in U.S. dollars)*

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, 2021. At March 31, 2022 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 March 31, 2022 a 5% change in exchange rates could give rise to a change in the net loss by approximately \$1,000 (December 31, 2021 - \$22,000), which is primarily driven by the parent Company's USD cash balance of \$48,000 at March 31, 2022 (December 31, 2021 - \$390,000) (because the parent Company has a Canadian Dollar functional currency). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.