

# **Gold Springs Resource Corp.**

*(An Exploration Stage Company)*

Condensed Interim Consolidated Financial Statements

**Three and nine months ended September 30, 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	September 30, 2022	December 31, 2021
		\$	\$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents		575,023	3,824,025
Restricted cash	6	131,694	131,694
Receivables and prepaids	4	84,886	580,053
		791,603	4,535,772
<i>Non-current assets</i>			
Equipment		268,080	140,595
Reclamation deposit	5	518,152	518,152
Mining claims and deferred exploration costs	5	24,067,898	19,971,593
<b>Total Assets</b>		<b>25,645,733</b>	<b>25,166,112</b>
<b>Liabilities</b>			
<i>Current</i>			
Accounts payable and accrued liabilities	9	1,047,163	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
		1,178,857	587,784
<i>Non-current liabilities</i>			
Loan payable	7	29,184	-
		1,208,041	587,784
<b>Equity attributable to shareholders</b>			
Share capital	8	99,525,551	98,804,638
Contributed surplus	8	14,162,031	14,047,377
Accumulated other comprehensive loss		(482,958)	(408,206)
Deficit		(88,766,932)	(87,865,481)
		24,437,692	24,578,328
<b>Total Liabilities and Shareholders' Equity</b>		<b>25,645,733</b>	<b>25,166,112</b>

Going concern (Note 1)

Contingencies (Note 10)

Subsequent events (Note 14)

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, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		\$	\$	\$	\$
<b>General and administrative expenses</b>					
Professional fees	9	33,337	41,874	138,994	152,479
Wages and benefits	9	36,859	44,961	122,145	133,440
Shareholder information and investor relations		21,745	3,626	34,002	30,994
Office and administration		18,605	16,191	80,089	56,213
Directors' fees	9	11,606	16,344	38,322	50,939
Filing and transfer agent fees		8,723	8,561	56,255	66,570
Reconnaissance and sundry exploration		-	-	-	6,564
Share-based payments	8,9	80,289	109,750	402,521	176,569
Depreciation and amortization		17,864	12,161	36,259	26,520
Consulting		-	-	-	7,246
		(229,028)	(253,468)	(908,587)	(707,534)
<b>Other income (expenses)</b>					
Interest and other income		10,758	8,360	24,385	25,979
Accretion finance charge		-	(17,713)	-	(25,906)
Foreign exchange gain (loss)		(8,813)	61,771	(17,249)	51,156
Net loss from equity accounted investment		-	(26,799)	-	(483,021)
		1,945	25,619	7,136	(431,792)
<b>Net loss for the period</b>					
		(227,083)	(227,849)	(901,451)	(1,139,326)
<b>Other comprehensive income (loss)</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		(32,892)	(94,782)	(74,752)	(41,320)
<b>Total other comprehensive loss for the period</b>		(32,892)	(94,782)	(74,752)	(41,320)
<b>Total comprehensive loss for the period</b>					
		(259,975)	(322,631)	(976,203)	(1,180,646)
<b>Net loss per share:</b>					
<b>Basic and Diluted</b>		(0.00)	(0.00)	(0.00)	(0.01)
<b>Weighted average number of shares outstanding:</b>					
<b>Basic and Diluted</b>		256,870,408	251,801,890	255,686,003	250,118,041

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 nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	AOCL <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>
Shares issued on option exercise	3,967,446	268,514	(173,498)	-	-	95,016
Issue costs, Secured Rights warrants	-	-	155,236	-	-	155,236
Share-based payments	-	-	191,144	-	-	191,144
Total comprehensive loss	-	-	-	(41,320)	(1,139,326)	(1,180,646)
<b>Balance, September 30, 2021</b>	<b>253,006,519</b>	<b>98,759,986</b>	<b>13,930,582</b>	<b>(346,676)</b>	<b>(90,123,625)</b>	<b>22,220,267</b>
Shares issued on option exercise	1,084,855	44,652	(24,827)	-	-	19,825
Share-based payments	-	-	141,622	-	-	141,622
Total comprehensive income (loss)	-	-	-	(61,530)	2,258,144	2,196,614
<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	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)
<b>Balance, September 30, 2022</b>	<b>260,179,156</b>	<b>99,525,551</b>	<b>14,162,031</b>	<b>(482,958)</b>	<b>(88,766,932)</b>	<b>24,437,692</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 nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	September 30, 2022	September 30, 2021
	\$	\$
<b>Cash flows (used in) from operating activities</b>		
Net loss for the period	(901,451)	(1,139,326)
<i>Items not affecting cash</i>		
Depreciation and amortization	36,259	26,520
Net loss from equity accounted investment	-	483,021
Share-based payments	402,521	176,569
Interest income	(24,385)	(25,979)
Accretion finance charge	-	25,906
	(487,056)	(453,289)
<i>Changes in non-cash operating working capital</i>		
Change in receivables and prepaids	102,269	36,042
Change in accounts payable and accrued liabilities	(55,648)	788
	(440,435)	(416,459)
<b>Cash flows (used in) from investing activities</b>		
Mining claims and deferred exploration costs	(3,393,528)	(2,321,744)
Receipts from collection of Escalones sales proceeds receivable	392,126	275,895
Reclamation deposit	-	(34,321)
Purchase of equipment	(163,744)	(176,282)
Interest received	22,883	25,979
	(3,142,263)	(2,230,473)
<b>Cash flows from (used in) financing activities</b>		
Exercise of options	221,217	95,016
Exercise of Secured Right Warrants	187,325	-
Advances for Gold Springs Project exploration costs	-	3,000,000
	408,542	3,095,016
<b>Increase (decrease) in cash and cash equivalents</b>	(3,174,156)	448,084
Foreign exchange effect on cash and cash equivalents	(74,846)	22,155
<b>Cash and cash equivalents - Beginning of period</b>	3,824,025	1,595,615
<b>Cash and cash equivalents - End of period</b>	575,023	2,065,854

## 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 and nine months ended September 30, 2022 and 2021

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(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 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.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at September 30, 2022, the Company had a working capital deficiency of \$387,254 (December 31, 2021 – working capital of \$3,497,988). At that date, the Company also had an accumulated deficit of \$88,766,932 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 may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These 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, 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 November 9, 2022.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 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>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
GST receivable	2,008	5,132
Other receivables	1,502	-
Other prepaids and advances	81,376	180,521
Receivables from sale of the Escalones property	-	394,400
	<b>84,886</b>	<b>580,053</b>



# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 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>\$</b>
<b>Balance, December 31, 2021</b>	<b>19,971,593</b>
Land and option payments	171,539
Laboratory & Geochemical	650,744
Field supplies	3,047
Camp	50,392
Geologists and personnel	524,602
Drilling	1,638,394
Environmental and permitting	260,406
Technical consulting	405,823
Travel and accommodation	158,415
Trenching	450,481
Share-based payments	24,504
	4,338,347
Secured Rights consideration, net of transaction costs	(242,042)
<b>Balance, September 30, 2022</b>	<b>24,067,898</b>

### 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.

### 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.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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(Unaudited - Expressed in U.S. dollars)

## *Reclamation Deposit*

As at September 30, 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.

## *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 September 30, 2022 is \$nil (December 31, 2021 - \$242,152). Any unutilized Secured Rights consideration 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, 2022 is as follows:

# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

	September 30, 2022
	\$
<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, September 30, 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 September 30, 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 \$29,184 (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 September 30, 2022.

No Class B shares are outstanding as at September 30, 2022 (December 31, 2021 – nil) (Note 6).

# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

## Financings

During the nine months ended September 30, 2022, a total of 1,983,334 stock options were exercised for gross proceeds of \$221,216. A value of \$136,722 was transferred from the share-based payment reserve to share capital as a result.

During the nine months ended September 30, 2022, a total of 2,000,000 Secured Rights Warrants were exercised for gross proceeds of \$187,325 and a value of \$108,136 was transferred from the issuance costs 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 September 30, 2022 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, 2021	19,477,500	0.13	1.47
Granted <sup>1</sup>	13,090,000	0.175	
Exercised <sup>2</sup>	(4,950,001)	0.09	
Expired	(6,452,500)	0.12	
Forfeited <sup>3</sup>	(3,983,333)	0.17	
<b>Balance – September 30, 2022</b>	<b>17,181,666</b>	<b>0.17</b>	<b>2.46</b>
<b>Exercisable – September 30, 2022</b>	<b>6,796,666</b>	<b>0.17</b>	<b>2.32</b>

<sup>1</sup> Included in options granted during the period ended September 30, 2022 are (i) 2,500,000 options which vest subject to the Company's share price reaching target prices of \$0.30; \$0.45; \$0.60 and \$0.75, respectively, by June 30, 2023; (ii) 1,550,000 options which vest subject to the Company announcing gold-equivalent ounce resource of 1,500,000 AuEq Oz (measured and indicated); 2,000,000 AuEq Oz (measured, indicated or inferred); 2,500,000 AuEq Oz (measured, indicated or inferred) and 3,000,000 AuEq Oz (measured, indicated or inferred), respectively, by June 30, 2023; (iii) 1,000,000 options which vest subject to the Company announcing an additional \$7 million in Series A Secured Rights funding by December 31, 2022; (iv) 1,000,000 options which vest subject to the Company announcing an additional \$10 million in Series B Secured Rights funding by June 30, 2023 and (v) 900,000 options which vest subject to the Company securing new funding, based on 100,000 options granted for each \$1 million raised, by June 30, 2023.

<sup>2</sup> 2,966,667 options were exercised on a cashless basis during the nine months ended September 30, 2022 resulting in the issuance of 2,104,448 common shares of the Company. Upon exercise of the options \$67,513, representing the previously recognized grant date fair value of the options exercised, was transferred from contributed surplus to share capital.

<sup>3</sup> 3,983,333 options were forfeited at September 30, 2022 as the vesting conditions were not achieved. As a result, \$129,908 of previously recognized share-based compensation expense was reversed and credited against share-based compensation expense in the consolidated statements of earnings (loss).

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

During the three and nine months ended September 30, 2022, the Company recorded share-based payments, in respect of the vesting of previously granted stock options and newly granted options, of which \$80,289 and \$402,521, respectively, (2021 - \$109,750 and \$176,569, respectively,) was recorded as a charge to operations, and \$24,504 was included in deferred exploration costs for the nine months ended September 30, 2022 (2021 - \$14,575).

The weighted average grant date fair value of 10,590,000 options, with no market conditions, granted during the nine months ended September 30, 2022 was \$0.07 per option (2021 - \$0.14 per option). The fair value of each option grant during the nine months ended September 30, 2022 was estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	<b>2022</b>
Weighted average exercise price	Cdn. \$0.177
Weighted average grant date share price	Cdn. \$0.185
Risk-free interest rate	2.92%
Expected life	3 years
Expected volatility	76%
Dividend rate	0%

The weighted average grant date fair value of 2,500,000 options, with market conditions, granted during the nine months ended September 30, 2022 was \$0.04 per share (2021 - \$0.06 per share). The fair value of each market condition option grant during the nine months ended September 30, 2022 was estimated at the time of the grant using a Barrier option pricing model with assumptions for grants as follows:

	<b>2022</b>
Weighted average exercise price	Cdn. \$0.165
Weighted average grant date share price	Cdn. \$0.165
Risk-free interest rate	3.89%
Expected life	3 years
Expected volatility	102%
Barrier range	Cdn. \$0.30 - \$0.75
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.

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For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in U.S. dollars)

The balance of options outstanding as at September 30, 2022 is as follows:

<b>Expiry date</b>	<b>Exercise price Cdn\$</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>
August 31, 2023	0.145	200,000	200,000
June 11, 2024	0.120	2,125,000	1,416,665
July 12, 2024	0.175	1,883,333	416,667
May 3, 2025	0.195	4,250,000	4,250,000
July 6, 2025	0.165	8,723,333	513,334
		<b>17,181,666</b>	<b>6,796,666</b>

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 September 30, 2022 and the changes for the nine months then ended are as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (per share) Cdn\$</b>	<b>Weighted average remaining life (years)</b>
Balance – December 31, 2021	3,000,000	0.12	1.37
Exercised	(2,000,000)	0.13	
Granted	-	-	-
<b>Balance – September 30, 2022</b>	<b>1,000,000</b>	<b>0.11</b>	<b>0.57</b>

The balance of warrants outstanding as at September 30, 2022 is as follows:

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

# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(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 ended September 30, 2022 and 2021 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Directors' fees	10,950	16,200	37,650	50,700
Professional fees	44,818	50,373	144,447	64,973
Wages and benefits	46,250	46,250	138,750	219,005
Share-based payments	93,033	111,563	417,575	181,063
	195,051	224,386	738,422	515,741

Included in accounts payable and accrued liabilities at September 30, 2022 is an amount of \$59,829 (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 and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Deferred financing fees	505	-	17,923	-
Financing fees	-	-	-	41,975
Professional fees	25,619	34,492	82,405	119,363
	26,124	34,492	100,328	161,338

## 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.

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## 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, 2022 and December 31, 2021 is as follows:

<b>Identifiable assets</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Canada	737,813	4,409,187
United States	24,907,920	20,756,925
<b>Total assets</b>	<b>25,645,733</b>	<b>25,166,112</b>

<b>Identifiable liabilities</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Canada	237,199	542,364
United States	970,842	45,420
<b>Total liabilities</b>	<b>1,208,041</b>	<b>587,784</b>

Geographic segmentation of the Company’s net earnings (loss) for the three and nine ended September 30, 2022 and 2021 is as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Canada	(206,424)	(211,051)	(837,801)	(1,066,320)
United States	(20,659)	(16,798)	(63,650)	(73,006)
<b>Net earnings (loss)</b>	<b>(227,083)</b>	<b>(227,849)</b>	<b>(901,451)</b>	<b>(1,139,326)</b>



# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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## 12 Supplemental cash flow information

The Company conducted non-cash activities during the nine months ended September 30, 2022 and 2021 as follows:

	September 30, 2022	September 30, 2021
	\$	\$
Investing activities		
Deferred exploration costs included in accounts payable	940,487	279,017
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	67,513	95,016
Issue costs, Secured Rights Warrants	-	155,236
Share-based payments included in deferred exploration costs	24,504	14,575

Cash and cash equivalents as at September 30, 2022 and 2021 was comprised solely of cash.

## 13 Financial instruments

The Company's financial instruments as at September 30, 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.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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*(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 September 30, 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 September 30, 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 \$31,000 at September 30, 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.

## **14 Subsequent events**

Subsequent to September 30, 2022, 451,724 stock options with a weighted average exercise price of Cdn\$0.12 and 1,000,000 Secured Rights Warrants with an exercise price of Cdn\$0.11 have been exercised for gross proceeds of \$166,000.