



**GOLD TERRA RESOURCE CORP.
CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2022

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Gold Terra Resource Corp.

Opinion

We have audited the consolidated financial statements of Gold Terra Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the year the year ended December 31, 2022 and the eleven months ended December 31, 2021 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and the eleven months ended December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 26, 2023

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 3,060,107	\$ 2,149,245
GST/HST receivables		24,003	82,783
Prepays and deposits		233,778	87,290
		<u>3,317,888</u>	<u>2,319,318</u>
Non-current			
Equipment	3	7,067	5,175
Reclamation deposits	5	152,540	152,540
Exploration and evaluation assets	6	45,663,333	40,113,063
		<u>45,822,940</u>	<u>40,270,778</u>
		<u>\$ 49,140,828</u>	<u>\$ 42,590,096</u>
LIABILITIES			
Current			
Trade payables and accrued liabilities	7, 8	\$ 458,802	\$ 235,710
Deposit payable	4	-	25,000
Deferred premium on flow-through shares	13	444,860	36,738
		<u>903,662</u>	<u>297,448</u>
Non-current			
Deferred income tax liability	14	544,000	158,000
		<u>544,000</u>	<u>158,000</u>
		<u>1,447,662</u>	<u>455,448</u>
SHAREHOLDERS' EQUITY			
Share capital	9	63,935,469	56,724,768
Share-based payment reserve	9, 10	4,551,452	4,342,798
Deficit		(20,793,755)	(18,932,918)
		<u>47,693,166</u>	<u>42,134,648</u>
		<u>\$ 49,140,828</u>	<u>\$ 42,590,096</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on April 26, 2023.

They are signed on the Company's behalf by:

"Gerald Panneton"

Gerald Panneton, Chairman and
Chief Executive Officer

"Patsie Ducharme"

Patsie Ducharme, Director

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

		Year Ended December 31, 2022	Eleven Months Ended December 31, 2021
EXPENSES	Note		
Amortization	3	\$ 2,942	\$ 2,297
Consulting		69,845	9,695
Directors' fees	8	72,000	77,030
Management compensation	8	450,000	550,000
Office, rent and miscellaneous		81,490	54,284
Professional fees	8	288,881	193,209
Salaries and benefits		248,150	169,995
Share-based payments	8, 9	208,654	376,566
Transfer agent, filing fees and shareholder communications		766,553	695,252
Travel and related costs		157,979	91,852
		<u>(2,346,494)</u>	<u>(2,220,180)</u>
OTHER ITEMS			
Flow-through share premium reversal	13	1,117,627	980,961
Impairment of exploration and evaluation assets	6(c)	-	(1,086,057)
		<u>(1,228,867)</u>	<u>(2,325,276)</u>
LOSS BEFORE INCOME TAXES			
Deferred income tax expense	14	(631,970)	(158,000)
		<u>(1,860,837)</u>	<u>(2,483,276)</u>
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		<u>\$ (1,860,837)</u>	<u>\$ (2,483,276)</u>
Loss per share - basic and diluted		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>216,992,316</u>	<u>189,160,972</u>

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Reserves	Deficit	Total shareholders' equity
Balance at January 31, 2021		181,328,637	\$ 53,294,764	\$ 3,966,232	\$ (16,449,642)	\$ 40,811,354
Loss for the period		-	-	-	(2,483,276)	(2,483,276)
Shares issued on private placement	9	15,142,857	4,380,000	-	-	4,380,000
Share issuance costs	9	-	(69,996)	-	-	(69,996)
Flow-through share premium	9	-	(880,000)	-	-	(880,000)
Share-based payments	9	-	-	376,566	-	376,566
Balance at December 31, 2021		196,471,494	56,724,768	4,342,798	(18,932,918)	42,134,648
Loss for the year		-	-	-	(1,860,837)	(1,860,837)
Shares issued on financings	9	42,349,251	9,387,687	-	-	9,387,687
Shares issued to acquire property	9	60,000	13,800	-	-	13,800
Share issuance costs	9	-	(911,007)	-	-	(911,007)
Tax effect on share issuance costs	14	-	245,970	-	-	245,970
Flow-through share premium	13	-	(1,525,749)	-	-	(1,525,749)
Share-based payments	9	-	-	208,654	-	208,654
Balance at December 31, 2022		238,880,745	\$ 63,935,469	\$ 4,551,452	\$ (20,793,755)	\$ 47,693,166

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

GOLD TERRA RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended December 31, 2022	Eleven Months Ended December 31, 2021
Cash provided by (used in):		
Operating activities		
Net loss	\$ (1,860,837)	\$ (2,483,276)
Items not involving cash:		
Deferred income tax expense	631,970	158,000
Amortization	2,942	2,297
Share-based payments	208,654	376,566
Flow-through premium reversal	(1,117,627)	(980,961)
Impairment of exploration and evaluation assets	-	1,086,057
Changes in non-cash working capital items:		
Receivables	58,780	8,429
Prepays and deposits	(146,488)	9,123
Deposit	(25,000)	-
Trade payables and accrued liabilities	65,345	18,849
Net cash used in operating activities	<u>(2,182,261)</u>	<u>(1,804,916)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(5,370,541)	(3,647,707)
Purchase of equipment	(4,834)	(3,302)
Net cash used in investing activities	<u>(5,375,375)</u>	<u>(3,651,009)</u>
Financing activities		
Issuance of common shares, net of share issuance costs	8,468,498	4,323,968
Net cash provided by financing activities	<u>8,468,498</u>	<u>4,323,968</u>
Change in cash and cash equivalents	910,862	(1,131,957)
Cash and cash equivalents - beginning of period	<u>2,149,245</u>	<u>3,281,202</u>
Cash and cash equivalents - end of period	<u>\$ 3,060,107</u>	<u>\$ 2,149,245</u>

Supplemental cash flow information (Note 12)

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

GOLD TERRA RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

Year ended December 31, 2022 and eleven months ended December 31, 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

Gold Terra Resource Corp. (the “Company” or “Gold Terra”) was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company changed its name from TerraX Minerals Inc. to Gold Terra Resource Corp. on February 13, 2020. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol “YGT” and OTCQX Market under the symbol “YGTF”.

The head office of the Company is located at 410-325 Howe Street, Vancouver, British Columbia, Canada, V6C 1Z7. The registered address and records office of the Company is located at 2200-885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

The Company has one wholly-owned subsidiary, Gold Matter Corporation (“Gold Matter”), which was incorporated under the Business Corporations Act (Ontario).

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company has not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company’s ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards (“IFRS”)

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

Basis of consolidation and presentation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary Gold Matter.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company’s functional currency, unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Change of fiscal year end

Effective in 2021, the fiscal year end of the Company was changed from January 31 to December 31 in order to align the Company's year-end with that of comparative companies and its subsidiary, which operates on a calendar fiscal year end in New Brunswick, Canada. Accordingly, the prior year's consolidated financial statements are prepared for 11 months from February 1 to December 31, 2021, and as a result, the comparative figures stated in the statements of comprehensive loss, changes in shareholders' equity, and cash flow and the related notes might not be comparable.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments assumptions, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, discount rate used in estimating lease liabilities, and provisions for restoration and environmental obligations.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the impairment of exploration and evaluation assets.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Farm outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Equipment

Equipment is stated at cost, less accumulated amortization. Amortization expense is calculated using the straight-line method, applying an annual rate of 30%.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial Assets

Cash and cash equivalents	Amortized cost
Reclamation deposits	Amortized cost

Financial Liabilities

Trade payables and accrued liabilities	Amortized cost
Deposit payable	Amortized cost

(ii) Measurement

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Impairment of assets

The carrying amount of the Company's long-lived assets (which includes equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred premium on flow through shares"). As the qualifying expenditures are incurred, a deferred tax liability is recognized and the deferred premium will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)***Restoration and environmental obligations (cont'd)***

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at December 31, 2022, the Company has no known material restoration and environmental obligations

Accounting standards issued but not yet effective

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

3. EQUIPMENT

Cost	
Balance, January 31, 2021	\$ 218,231
Acquisitions	3,302
Balance, December 31, 2021	221,533
Acquisitions	4,834
Balance, December 31, 2022	\$ 226,367
Accumulated amortization	
Balance, January 31, 2021	\$ 214,061
Amortization	2,297
Balance, December 31, 2021	216,358
Amortization	2,942
Balance, December 31, 2022	\$ 219,300
Net book value, December 31, 2021	\$ 5,175
Net book value, December 31, 2022	\$ 7,067

4. DEPOSIT PAYABLE

The Company held a \$25,000 deposit payable to its sublessee up until the lease terminated on January 31, 2022.

5. RECLAMATION DEPOSITS

As of December 31, 2022, security deposits of \$152,540 (December 31, 2021 - \$152,540) were deposited with the Minister of Aboriginal Affairs and Northern Development Canada for land use permits issued by the Mackenzie Valley Land and Water Board ("MVLWB") for the Company's exploration properties in the Northwest Territories. The security deposits will be refunded once the land use permit ends and a final report describing land use activities during the respective term of the permits are submitted to the MVLWB and reclamation activities are completed.

6. EXPLORATION AND EVALUATION ASSETS

(a) Yellowknife Project, Northwest Territories

The Yellowknife project ("YP") is comprised of the Northbelt, Southbelt, Eastbelt and Quyta-Bell properties in the Northwest Territories as well as additional claims and property interests that have been acquired and incorporated into the Northbelt, Southbelt and Eastbelt properties as described in more detail below.

In May 2013 and May 2015, the Company granted Osisko Gold Royalties Ltd. (formerly Virginia Mines Inc.) ("Osisko") an option to acquire a 3% net smelter return royalty ("NSR") on certain properties in the YP by making a payment of \$4,000,000 within three months following commencement of production.

Northbelt Property

The Company owns 100% of the mineral lease and claims in the Northbelt Property.

To December 31, 2022, the Company has incurred exploration and evaluation expenditures, net of recoveries, totalling \$34,539,917 (December 31, 2021 - \$32,361,266) on the Northbelt Property.

Southbelt Property

The Company owns 100% of the mineral claims in the Southbelt Property.

To December 31, 2022, the Company has incurred exploration and evaluation expenditures totalling \$582,161 (December 31, 2021 - \$578,959) on the Southbelt Property.

Eastbelt Property

On February 1, 2017, the Company announced that it had staked certain claims east of the City of Yellowknife known as the Eastbelt Property that have been incorporated into the YP.

On September 15, 2017, the Company acquired contiguous claims which have been incorporated into the Eastbelt Property. The claims are subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for \$1,000,000. On completion of the acquisition, the Company is also obligated to pay an annual advance royalty of \$6,000 until the commencement of production. As consideration, the Company paid a total of \$50,000 and issued a total of 150,000 common shares, of which the last 50,000 common shares were issued on November 1, 2019.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

Eastbelt Property (cont'd)

On November 17, 2017, the Company acquired an additional contiguous claim that has been incorporated into the Eastbelt Property. As consideration, the Company paid \$5,000 and issued 40,000 common shares at a fair value of \$20,000. The Company also incurred additional acquisition costs of \$17,166.

On September 25, 2018, the Company acquired additional contiguous claims, the Tom and Sickie claims, that have been incorporated into the Eastbelt Property. As consideration, the Company paid \$25,000 and issued 250,000 common shares at a fair value of \$95,000. The Company also incurred additional acquisition costs of \$132,380. These claims are subject to a 2% NSR.

On January 30, 2020, the Company announced that it acquired 100% interest in two claims, Aurora 1 and 2 in Yellowknife which are contiguous to the existing properties. The acquisition terms are:

- \$10,000 cash paid upon TSX-V acceptance for filing of the agreement (paid);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (issued); and
- A 2% NSR royalty with a buyback of 1% for \$1,000,000 and an additional 0.5% buyback for a further \$1,000,000.

To December 31, 2022, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of \$1,686,044 (December 31, 2021 - \$1,640,809) on the Eastbelt Property.

Quyta-Bell Property

On March 7, 2018, the Company announced that it had expanded its land position at the YP through the staking of an additional 337.5 square kilometers immediately to the north of its current properties. These additional 47 claims have been named the Quyta-Bell property and have been incorporated into the YP.

On March 16, 2021, the Company entered into an option agreement to acquire 100% interest in a claim in Yellowknife which is contiguous to the existing properties. The acquisition terms are:

- make cash payments of \$15,000 (paid) and issue 40,000 shares upon receipt of TSX-V approval (issued);
- make cash payments of \$5,000 (paid) and issue 20,000 shares by April 6, 2022 (issued);
- make cash payments of \$5,000 (subsequently paid) and issue 20,000 shares by April 6, 2023 (subsequently issued); and
- make cash payments of \$5,000 and issue 20,000 shares by April 6, 2024;

To December 31, 2022, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of \$491,354 (December 31, 2021 - \$471,451) on the Quyta-Bell property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(b) Con Mine Option Property

On November 19, 2021, the Company entered into a definitive option agreement (the "Option Agreement") with Newmont Canada FN Holdings ULC ("Newmont FN") and Miramar Northern Mining Ltd. ("MNML"), both wholly owned subsidiaries of Newmont Corporation ("Newmont"), which grants Gold Terra the option, upon meeting certain requirements, to purchase MNML from Newmont FN, which includes 100% of all the assets, mineral leases, Crown mineral claims and surface rights comprising the former Con mine, as well as the areas immediately adjacent to the former Con mine (together known as the "Con Mine Option Property"). The Option Agreement replaced and superseded the initial exploration agreement signed on September 4, 2020. Pursuant to the Option Agreement in order to complete this purchase:

- Gold Terra to incur a minimum of \$8,000,000 in exploration expenditures over a period of four years, which will include all exploration expenditures incurred to date under the initial exploration agreement.
- Gold Terra and Newmont agreed that Gold Terra spent approximately \$3,200,000 in exploration expenditures to October 31, 2021.
- Gold Terra is also required to:
 - Complete a prefeasibility study ("PFS") with a minimum of 1.5 million ounces in all mineral resource categories;
 - Obtain all necessary regulatory approvals for the purchase and transfer of MNML's assets and liabilities to Gold Terra; and
 - Post a cash bond to reflect the status of the Con mine reclamation plan at the time when the option is exercised.
- Upon completion of the above, Gold Terra must make a final cash payment of \$8,000,000.

Newmont will retain a 2% NSR on minerals produced from the Con Mine Option Property. The NSR may be reduced by 50% by the Company paying Newmont the sum of \$10,000,000, for a period of two years following the announcement of commercial production.

After Gold Terra exercises its option, Newmont will have a period of two years to exercise its back-in right of a 51% participating interest in MNML and the Con Mine Option Property, which can be triggered by Gold Terra delineating a minimum of 5 million ounces of gold in the measured and indicated mineral resource categories supported by a National Instrument 43-101 technical report. To be eligible to exercise the back-in right, Newmont will:

- Reimburse Gold Terra three times the amount of all of the expenditures incurred on the Con Mine Option Property from September 4, 2020;
- Refund to Gold Terra the \$8,000,000 cash payment;
- Payment of \$30 (U.S.) per ounce of gold for 51% of the total ounces reported in the technical report; and
- Assume 51% of the environmental liability and its share of the posted bond.

If exercised, the back-in right is expected to be completed by a new joint venture led by Newmont. At such time, the 2% NSR would also be eliminated.

To December 31, 2022, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of \$6,946,726 (December 31, 2021 - \$3,687,053) on the Con Mine Option Property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(c) Stewart Property, Newfoundland

On June 28, 2010, and as last amended on September 26, 2012, the Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland. The Company completed its commitments and acquired 100% interest.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for \$1,000,000.

During the eleven months ended December 31, 2021, the Company recorded an impairment of \$1,086,057 and wrote down the property to \$1 due to no exploration plan for this property.

(d) Mulligan Property, New Brunswick

On October 21, 2019, the Company acquired a 100% interest in the Mulligan Property through the acquisition of Gold Matter Corporation.

To December 31, 2022, the Company has incurred expenditures including acquisition costs totalling \$1,417,130 (December 31, 2021 - \$1,373,524) on the Mulligan Property.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

The following are details of the Company's exploration and evaluation assets:

	Yellowknife Project (YP)				Con Mine Option	Stewart	Mulligan	Total
	Northbelt	Southbelt	Eastbelt	Quyta-Bell				
Balance at January 31, 2021	\$ 31,886,630	\$ 578,286	\$ 1,619,549	\$ 441,269	\$ 793,476	\$ 1,082,458	\$ 1,369,122	\$ 37,770,790
Acquisition costs	14,376	-	20,937	16,103	31,836	-	-	83,252
Exploration costs:								
Assays and drilling (Note 8)	287,718	-	-	-	2,722,288	-	12,402	3,022,408
Community	10,818	-	-	-	3,632	-	-	14,450
Consulting (Note 8)	69,164	-	300	450	51,762	-	-	121,676
Environmental	1,792	-	-	-	49,833	-	-	51,625
Field expenses	90,768	673	23	13,629	34,226	3,600	-	142,919
	460,260	673	323	14,079	2,861,741	3,600	12,402	3,353,078
Impairment	-	-	-	-	-	(1,086,057)	-	(1,086,057)
Recoveries	-	-	-	-	-	-	(8,000)	(8,000)
Balance at December 31, 2021	\$ 32,361,266	\$ 578,959	\$ 1,640,809	\$ 471,451	\$ 3,687,053	\$ 1	\$ 1,373,524	\$ 40,113,063
Acquisition costs	17,809	425	39,116	19,903	-	-	6,260	83,513
Exploration costs:								
Assays and drilling (Note 8)	1,962,877	54	-	-	3,196,349	-	45,232	5,204,512
Community	21,075	-	-	-	3,200	-	-	24,275
Consulting (Note 8)	65,993	-	-	-	156,368	-	-	222,361
Environmental	109,898	-	6,119	-	151,427	-	-	267,444
Field expenses	58,452	2,723	-	-	(1,992)	-	-	59,183
	2,218,295	2,777	6,119	-	3,505,352	-	45,232	5,777,775
Recoveries	(57,453)	-	-	-	(245,679)	-	(7,886)	(311,018)
Balance at December 31, 2022	\$ 34,539,917	\$ 582,161	\$ 1,686,044	\$ 491,354	\$ 6,946,726	\$ 1	\$ 1,417,130	\$ 45,663,333

7. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

	December 31, 2022	December 31, 2021
Trade payables	\$ 349,750	\$ 169,806
Due to related parties (Note 8)	74,052	30,904
Accrued liabilities	35,000	35,000
	\$ 458,802	\$ 235,710

8. RELATED PARTY TRANSACTIONS

Related Party Balances

As at December 31, 2022, \$74,052 (December 31, 2021 - \$30,904) was due to directors of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

	Amounts Incurred During		Due to Related Parties	
	Year Ended December 31, 2022	Eleven Months Ended December 31, 2021	As at December 31, 2022	As at December 31, 2021
Directors' fees	\$ 72,000	\$ 77,030	\$ 48,353	\$ 19,797
Geological consulting - exploration and evaluation assets ^(a)	214,668	65,431	3,673	4,379
Management compensation	450,000	550,000	-	-
Management expense reimbursement	-	-	854	6,728
Professional fees ^(b)	130,025	110,000	21,172	-
Share-based payments	74,011	166,221	-	-
	\$ 940,704	\$ 968,682	\$ 74,052	\$ 30,904

During the year ended December 31, 2022:

- (a) The Company incurred \$214,668 (eleven months ended December 31, 2021 - \$65,431) of geological consulting fees for its exploration and evaluation assets with a company related to the former Chief Operating Officer of the Company.
- (b) The Company incurred \$130,025 (eleven months ended December 31, 2021 - \$110,000) to a company controlled by the Chief Financial Officer of the Company.

9. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

Year ended December 31, 2022:

- a) On February 28, 2022, the Company completed a bought deal financing (the "Offering"), including the exercise in full of the underwriters' over-allotment option. Pursuant to the Offering, (i) 8,912,500 charitable flow-through common shares (the "Charitable FT Shares") were issued at a price of \$0.30 per Charitable FT Share, (ii) 8,046,700 traditional flow-through common shares (the "Traditional FT Shares") were issued at a price of \$0.24 per Traditional FT Share, and (iii) 4,761,966 common shares (the "Common Shares") were issued at a price of \$0.21 per Common Share, for aggregate gross proceeds of \$5,604,970. The Offering was made through a syndicate of underwriters led by Stifel GMP and including BMO Capital Markets and Beacon Securities Limited (collectively, the "Underwriters"). The Underwriters received a cash commission of \$392,348. Share issuance costs of \$331,115 were incurred with respect to this Offering.
- b) The Company issued 60,000 common shares with a fair value of \$13,800 towards consideration for the acquisition of exploration and evaluation assets (Note 6(a)).
- c) On November 21, 2022, the Company completed a non-brokered private placement by issuing 12,055,585 flow-through shares ("FT Shares") at a price of \$0.20 per FT Share for gross proceeds of \$2,411,117. The Company also completed a non-brokered private placement by issuing 8,572,500 shares ("Shares") at a price of \$0.16 per Share for the gross proceeds of \$1,371,600. In connection with the financing, the Company paid \$144,872 as a cash finder's fee. Share issuance costs of \$42,672 were incurred with respect to this private placement.

Eleven months ended December 31, 2021:

- a) On March 4, 2021, the Company completed a non-brokered private placement of 8,000,000 flow-through common shares of the Company (the "FT Shares") at a price of \$0.36 per FT Share for gross proceeds of \$2,880,000. Share issuance costs of \$34,007 were incurred with respect to this placement.
- b) On December 3, 2021, the Company announced that it had completed a private placement with Newmont, issuing 7,142,857 common shares at a price of \$0.21 per share for gross proceeds of \$1,500,000. Share issuance costs of \$27,011 were incurred with respect to this placement.

Stock options

The Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer cannot exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities cannot exceed 2% of the issued and outstanding common shares.

Stock option transactions and the number of stock options for the year ended December 31, 2022 and the eleven months ended December 31, 2021 are summarized as follows:

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9. SHARE CAPITAL (cont'd)

Stock options (cont'd)

Expiry date	Exercise price (\$)	January 31, 2021	Issued	Expired / cancelled	December 31, 2021	Issued	Expired / cancelled	December 31, 2022
June 15, 2021	0.41	1,250,000	-	(1,250,000)	-	-	-	-
December 30, 2024	0.30	2,710,000	-	(200,000)	2,510,000	-	(400,000)	2,110,000
April 14, 2025	0.30	400,000	-	-	400,000	-	-	400,000
August 11, 2025	0.435	1,125,000	-	-	1,125,000	-	-	1,125,000
December 11, 2025	0.35	1,281,250	-	(50,000)	1,231,250	-	-	1,231,250
December 18, 2025	0.35	200,000	-	-	200,000	-	-	200,000
August 16, 2026	0.26	-	200,000	-	200,000	-	-	200,000
December 31, 2026	0.26	-	993,750	-	993,750	-	-	993,750
June 10, 2027	0.24	-	-	-	-	943,750	(100,000)	843,750
December 30, 2027	0.20	-	-	-	-	1,000,000	-	1,000,000
Options outstanding		6,966,250	1,193,750	(1,500,000)	6,660,000	1,943,750	(500,000)	8,103,750
Options exercisable		2,705,000	-	-	4,088,125	-	-	5,874,063
Weighted average exercise price (\$)		\$ 0.35	\$ 0.26	\$ 0.41	\$ 0.33	\$ 0.22	\$ 0.29	\$ 0.30

As at December 31, 2022, the weighted average remaining life of options outstanding was 3.28 years.

Year ended December 31, 2022:

On June 10, 2022, the Company granted 943,750 stock options to officers, employees, and consultants that can be exercised at \$0.24 per share until June 10, 2027. These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of \$84,516 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.43% and an expected volatility of 58.81%.

On December 30, 2022, the Company granted 1,000,000 stock options to officers, employees, and consultants that can be exercised at \$0.20 per share until December 30, 2027. These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of \$73,720 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.61% and an expected volatility of 59.88%.

The Company recorded \$208,654 of share-based compensation expense during the year ended December 31, 2022, where \$161,744 was granted in previous periods but vested during the year ended December 31, 2022.

Eleven months ended December 31, 2021:

On August 16, 2021, the Company granted 200,000 stock options to a new director that can be exercised at \$0.26 per share until August 16, 2026. These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of \$17,091 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.29% and an expected volatility of 57.39%.

On December 31, 2021, the Company granted 993,750 stock options to its directors, officers, employees, and consultants that can be exercised at \$0.26 per share until December 31, 2026. These options vest 25% every six months following the grant date. The total fair value of \$118,939 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.32% and an expected volatility of 60.64%.

9. SHARE CAPITAL (cont'd)

Stock options (cont'd)

The Company recorded \$376,566 of share-based compensation expense during the eleven months ended December 31, 2021, where \$368,407 was granted in previous periods but vested during the eleven months ended December 31, 2021.

Warrants

The Company measures warrants issued with common shares in unit private placements using the residual method.

Warrant transactions and the number of warrants for the year ended December 31, 2022 and the eleven months ended December 31, 2021 are summarized as follows:

Expiry date	Exercise price (\$)	January 31, 2021		December 31, 2021			December 31, 2022	
		Issued	Expired	Issued	Expired	Issued	Expired	
April 12, 2021	0.60	4,209,821	(4,209,821)	-	-	-	-	-
April 12, 2021	0.40	420,982	(420,982)	-	-	-	-	-
June 26, 2021	0.36	339,144	(339,144)	-	-	-	-	-
November 17, 2021	0.60	5,887,500	(5,887,500)	-	-	-	-	-
Warrants outstanding		10,857,447	(10,857,447)	-	-	-	-	-
Weighted average exercise price (\$)		\$ 0.58	\$Nil	\$ 0.36	\$Nil	\$Nil	\$Nil	\$Nil

10. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve records items recognized as share-based payments until such time that the stock options and finder's warrants are issued, granted and exercised, at which time the corresponding amount will be transferred to share capital.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has positive cash balances at December 31, 2022 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The Company classifies its financial instruments into categories as follows: cash and receivables as financial assets at amortized cost; and trade payables as financial liabilities at amortized cost. The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

Cash and cash equivalents are classified as level 1.

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2022 and eleven months ended December 31, 2021, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Year Ended December 31, 2022	Eleven Months Ended December 31, 2021
Exploration expenditures included in trade payables and accrued liabilities	\$ 278,818	\$ 112,889
Fair value of shares issued for mineral property acquisition	\$ 13,800	\$ -
Share issuance costs included in trade payables and accrued liabilities	\$ (5,782)	\$ 13,964

13. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	December 31, 2022	December 31, 2021
Balance, beginning of period	\$ 36,738	\$ 137,699
Deferred premium on flow-through shares issued	1,525,749	880,000
Flow-through share premium reversal	(1,117,627)	(980,961)
Balance, end of period	\$ 444,860	\$ 36,738

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2022, the Company received \$7,016,075 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of \$1,525,749. During the year ended December 31, 2022, the Company incurred and renounced eligible expenditures of \$4,912,006. These expenditures will not be available to the Company for future deduction from taxable income.

During the eleven months ended December 31, 2021, the Company received \$2,880,000 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of \$880,000. During the eleven months ended December 31, 2021, the Company incurred and renounced eligible expenditures of \$3,235,975. These expenditures will not be available to the Company for future deduction from taxable income.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or “premium”, are recorded as deferred income. As at December 31, 2022, the Company had a remaining qualifying expenditure commitment of \$2,224,305 from the proceeds of flow-through shares issued on November 21, 2022.

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14. INCOME TAX

Provision for deferred tax

As future taxable profits of the Company are uncertain, the net deferred tax asset has not been recognized. As at December 31, 2021, the Company has approximately \$15,601,000 of non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2028.

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

	Year Ended December 31, 2022	Eleven Months Ended December 31, 2021
Loss for the year before income taxes	\$ (1,228,867)	\$ (2,325,276)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(331,794)	(628,190)
Non-deductible items	77,871	109,231
Impact of flow-through shares	1,024,482	608,854
True up	(138,589)	156,004
Impact of share issuance costs not recognized	-	(18,899)
Change in valuation allowance	-	(69,000)
Deferred income tax expense	\$ 631,970	\$ 158,000

During the year ended December 31, 2022, the Company recorded a deferred income tax credit to share capital of \$245,970 (2021 - \$nil).

The Company has the following tax effected taxable and deductible temporary differences for which a deferred tax liability has been recognized:

	Year Ended December 31, 2022	Eleven Months Ended December 31, 2021
Exploration and evaluation assets	\$ (5,796,000)	\$ (4,599,000)
Loss carry-forwards	4,935,000	4,213,000
Equipment	61,000	60,000
Share issuance costs	334,000	245,000
Valuation allowance	(77,000)	(77,000)
Deferred income tax liability	\$ (543,000)	\$ (158,000)

GOLD TERRA RESOURCE CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

Year ended December 31, 2022 and eleven months ended December 31, 2021

14. INCOME TAX (cont'd)

The tax pools relating to the significant deductible temporary differences expire as follows:

	Exploration and evaluation assets and equipment	Loss carry-forwards	Share issuance costs
2022	\$ -	\$ -	\$ 582,000
2023	-	-	505,000
2024	-	-	341,000
2025	-	-	207,000
2026	-	-	183,000
2028	-	36,000	-
2029	-	102,000	-
2030	-	147,000	-
2031	-	427,000	-
2032	-	260,000	-
2033	-	219,000	-
2034	-	438,000	-
2035	-	892,000	-
2036	-	953,000	-
2037	-	1,292,000	-
2038	-	1,725,000	-
2039	-	1,954,000	-
2040	-	2,177,000	-
2041	-	2,796,000	-
2042 January	-	2,220,000	-
2042 December	-	2,638,000	-
No expiry	24,213,000	-	-
	\$ 24,213,000	\$ 18,276,000	\$ 1,818,000

15. SUBSEQUENT EVENTS

- a) On April 4, 2023, the Company signed a non-binding letter of agreement pursuant to which it has granted until May 31, 2023 (extended as permitted), the exclusivity rights to Midas Minerals Ltd. ("Midas") to enter into a definitive option agreement with the Company. The definitive agreement, among other things, will provide that Midas can earn an up to 80% participating interest in two stages for only the critical minerals (pegmatite-hosted lithium, tantalum and tin, lithium-cesium-tantalum (LCT), and rare earths or other rare earth deposits) contained within the Company's Quytta-Bell and Eastbelt Properties.

To earn a 51% participating interest, over a period that ends on September 30, 2026, Midas must pay to the Company the sum of \$1,200,000 in cash, must deliver to the Company 2,200,000 common shares of Midas currently worth approximately \$400,000, and must incur exploration expenditures of \$5,000,000 and must grant the Company a 1% gross revenue royalty ("GRR") on the basis of 100% production of critical minerals. Midas may purchase one-half of the 1% GRR (in whole but not in part) for the sum of \$5,000,000. Out of the foregoing earn-in requirements, Midas is committed to pay \$100,000 in cash (paid), issue 2,200,000 Midas common shares, and must incur exploration expenditures of \$250,000 on or before September 30, 2023, with the rest of the earn-in requirements being optional.

If Midas exercises the option to earn a 51% participating interest, then Midas can elect to earn an additional 29% participating interest by incurring by no later than September 30, 2028, an additional \$5,000,000 in exploration expenditures. If Midas does not elect to earn the additional 29% participating interest (after having earned the 51% participating interest), then Midas must transfer a 2% participating interest to Gold Terra so that the participating interests between Gold Terra and Midas will be 51%/49%.

Gold Terra and Midas will form a critical mineral joint venture upon the exercise by Midas of the first option (to acquire the 51% participating interest).

If Midas earns the 80% participating interest, the interest of Gold Terra in the critical mineral joint venture will be fully carried until the critical mineral joint venture has approved a bankable feasibility study for the development of a critical mineral project on any part of the Quytta-Bell and Eastbelt Properties.

The execution and delivery of the definitive agreement are subject to standard conditions precedent, including, without limitation, the receipt by Gold Terra and Midas of all requisite regulatory and stock exchange approvals and third party consents, approvals and waivers. Additionally, the definitive agreement, the joint venture agreement and the gross revenue royalty agreement must be negotiated by the parties, and must be mutually acceptable to Gold Terra and Midas.

- b) The Company issued 20,000 common shares towards consideration for the acquisition of exploration and evaluation assets (Note 6(a)).