# Aston Bay Holdings Ltd.

**Consolidated Financial Statements**

**Years ended March 31, 2023 and 2022**

**(Expressed in Canadian Dollars)**

# Independent Auditor's Report

To the Shareholders of Aston Bay Holdings Ltd.:

## Opinion

We have audited the consolidated financial statements of Aston Bay Holdings Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and March 31, 2022, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2023 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.

**MNP LLP**
50 Burnhamthorpe Road West, Suite 900, Mississauga ON, L5B 3C2 T: 416.626.6000 F: 416.626.8650

## Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 on this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

July 31, 2023

Licensed Public Accountants

## Aston Bay Holdings Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

| As at | | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ | 3,751 | $ | 56,389 |
| Accounts receivable | | 98,700 | | - |
| Sales tax recoverable | | - | | 12,032 |
| Prepaid expenses | | 17,930 | | 30,973 |
| **Total current assets** | | 120,381 | | 99,394 |
| **Equipment** *(note 4)* | | 83,334 | | 166,667 |
| **Total assets** | $ | 203,715 | $ | 266,061 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities *(note 5)* | $ | 1,475,697 | $ | 1,071,515 |
| Sales tax payable | | 11,992 | | - |
| Loan payable *(note 5)* | | 782,225 | | 515,818 |
| **Total current liabilities** | | 2,269,914 | | 1,587,333 |
| **Shareholders' equity** | | | | |
| Share capital *(note 6)* | | 19,581,934 | | 19,527,334 |
| Shares to be issued *(note 6)* | | - | | 30,300 |
| Contributed surplus | | 4,004,262 | | 3,988,012 |
| Accumulated other comprehensive loss | | (64,335) | | (3,949) |
| Deficit | | (25,588,060) | | (24,862,969) |
| **Total shareholders' equity** | | (2,066,199) | | (1,321,272) |
| **Total liabilities and shareholders' equity** | $ | 203,715 | $ | 266,061 |

**Nature of the Company and Going concern** *(note 1)*

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

Approved by the Board
Signed:

*"Thomas Ullrich"* — Director

*"Jessie Liu-Ernsting"* — Director

# Aston Bay Holdings Ltd.

Consolidated Statements of Changes in Equity
Years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Contributed Surplus** | **Shares to be Issued** | **Accumulated Other Comprehensive Loss** | **Deficit** | **Total Shareholders' Equity** |
| **Balance, March 31, 2021** | **163,975,094** | **$ 18,860,958** | **$ 3,790,962** | **$ -** | **$ (4,964)** | **$ (23,132,571)** | **$ (485,615)** |
| Issuance of units | 13,473,500 | 808,410 | - | - | - | - | 808,410 |
| Share issuance costs | - | (37,334) | - | - | - | - | (37,334) |
| Issuance of warrants | - | (104,700) | 104,700 | - | - | - | - |
| Shares to be issued | - | - | - | 30,300 | - | - | 30,300 |
| Stock-based compensation | - | - | 92,350 | - | - | - | 92,350 |
| Loss for the year | - | - | - | - | - | (1,730,398) | (1,730,398) |
| Currency translation adjustment | - | - | - | - | 1,015 | - | 1,015 |
| **Balance, March 31, 2022** | **177,448,594** | **$ 19,527,334** | **$ 3,988,012** | **$ 30,300** | **$ (3,949)** | **$ (24,862,969)** | **$ (1,321,272)** |
| Issuance of units | 1,005,000 | 60,300 | - | (30,300) | - | - | 30,000 |
| Share issuance costs | - | (700) | - | - | - | - | (700) |
| Issuance of warrants | - | (5,000) | 5,000 | - | - | - | - |
| Stock-based compensation | - | - | 11,250 | - | - | - | 11,250 |
| Loss for the year | - | - | - | - | - | (725,091) | (725,091) |
| Currency translation adjustment | - | - | - | - | (60,386) | - | (60,386) |
| **Balance, March 31, 2023** | **178,453,594** | **$ 19,581,934** | **$ 4,004,262** | **$ -** | **$ (64,335)** | **$ (25,588,060)** | **$ (2,066,199)** |

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

**Aston Bay Holdings Ltd.**
Consolidated Statements of Operations and Comprehensive Loss
For the years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|---|---|---|
| **Operating Expenses** | | |
| **General and Administrative Expenses** | | |
| Salaries *(note 5)* | $ **170,701** | $ 225,074 |
| Consulting fees *(note 5)* | **80,000** | 83,520 |
| Professional fees | **52,461** | 66,768 |
| Marketing | **139,698** | 86,276 |
| Travel | **45,701** | 34,876 |
| Filing and agency fees | **43,038** | 52,036 |
| Foreign exchange | **462** | 314 |
| Office and administrative expenses | **70,159** | 74,776 |
| Stock-based compensation *(notes 5 and 6)* | **11,250** | 92,350 |
| Interest expense | **186,400** | 50,318 |
| **Total General and Administrative Expenses** | **799,870** | 766,308 |
| **Exploration and evaluation expenses - net** *(note 3)* | **(74,779)** | 964,090 |
| **Net loss** | **(725,091)** | (1,730,398) |
| **Currency translation adjustment** | **(60,386)** | 1,015 |
| **Comprehensive Loss** | $ **(785,477)** | $ (1,729,383) |
| **Loss per share** - basic and diluted | $ **(0.00)** | $ (0.01) |
| **Weighted average number of common shares outstanding** - basic and diluted | **178,431,567** | 167,629,550 |

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

# Aston Bay Holdings Ltd.

Consolidated Statements of Cash Flows
Years ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|---|---|---|
| **Cash flow used in operating activities** | | |
| Net loss for the year | **$ (725,091)** | $ (1,730,398) |
| Items not affecting cash: | | |
| Depreciation | **83,333** | - |
| Stock-based compensation *(note 6)* | **11,250** | 92,350 |
| Loan interest accrued | **66,407** | 36,336 |
| | **(564,101)** | (1,601,712) |
| Non-cash working capital items *(note 9)* | **342,549** | 661,525 |
| | **(221,552)** | (940,187) |
| **Cash flow from financing activities** | | |
| Proceeds from issuance of units *(note 6)* | **60,300** | 808,410 |
| Issuance costs *(note 6)* | **(700)** | (37,334) |
| Proceeds from shares to issue *(note 6)* | **(30,300)** | 30,300 |
| Loan proceeds *(note 5)* | **200,000** | 175,000 |
| | **229,300** | 976,376 |
| **Effects of changes in foreign exchange** | **(60,386)** | 1,015 |
| **(Decrease) Increase in cash and cash equivalents** | **(52,638)** | 37,204 |
| **Cash and cash equivalents, beginning of year** | **56,389** | 19,185 |
| **Cash and cash equivalents, end of year** | **$ 3,751** | $ 56,389 |

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

## 1. Nature of the Company and Going Concern

Aston Bay Holdings Ltd. ("Aston Bay" or the "Company") is a publicly listed company incorporated in British Columbia, Canada. The Company's registered address is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8 and the head office is located at Suite 204, 80 Richmond Street West, Toronto, Ontario, M5H 2A4. The consolidated financial statements of the Company as at and for the years ended March 31, 2023 and 2022 include the Company and its wholly owned subsidiaries, Blue Ridge Mining Inc., a company incorporated in Delaware, United States of America, and Aston Bay Ventures Ltd., a company incorporated in British Columbia, Canada. The Company is engaged in exploration and development of gold and base metal deposits in Virginia, USA and Nunavut, Canada.

For the year ended March 31, 2023, the Company incurred a net loss of $725,091 (2022 – $1,730,398) and had an accumulated deficit of $25,588,060 at March 31, 2023 (March 31, 2022 - $24,862,969)and has yet to achieve revenue from operations. At March 31, 2023, the Company had working capital deficit of $2,149,533 (March 31, 2022 - $1,487,939). These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. These consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

These consolidated financial statements were authorized for issue by the Board of Directors on July 31, 2023.

## 2. Significant Accounting Policies

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

**Basis of presentation**

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

## 2. Significant Accounting Policies - continued

**Consolidated financial statements**

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its ability to direct the relevant activities of the subsidiary. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

**Financial instruments**

IFRS 9, Financial Instruments (“IFRS-9”) includes finalized guidance on the classification, measurement and impairment of financial assets and hedge accounting. Under IFRS 9, financial instruments are classified and measured either at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”) based on the business model in which they are held and the characteristics of their contractual cash flows.

Financial instruments are measured at fair value on initial recognition of the instrument and classified as either financial instruments at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial instruments at initial recognition. Subsequent measurement of financial instruments is based on their initial classification. Financial instruments classified as FVTPL are measured at fair value and changes in fair value are recognized in profit and loss. The remaining categories of financial instruments are measured at amortized cost using the effective interest rate method.

Transaction costs related to financial assets and liabilities at fair value through profit or loss are recognized in profit and loss; transaction costs related to all other financial instruments are added to their fair value on initial recognition.

| | Classification |
|---|---|
| **Financial Assets** | |
| Cash and cash equivalents | Amortized cost |
| Accounts receivable | Amortized cost |
| **Financial liabilities** | |
| Accounts payable and accrued liabilities | Amortized cost |
| Loan payable | Amortized cost |

The fair values of the financial instruments are based on the amount of future cash flows associated with each instrument discounted using an estimate of the Company's current borrowing rate for similar debt instruments of comparable maturity.

## 2. Significant Accounting Policies - continued

**Impairment of financial assets**

Financial assets, other than those as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets, with the exception of financial assets measured at amortized cost, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, based on an expected credit loss approach, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

**Mineral properties and exploration expenditures**

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

(i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;

(ii) determining the optimal methods of extraction and metallurgical and treatment processes;

(iii) studies related to surveying, transportation, and infrastructure requirements;

(iv) permitting activities; and

(v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures incurred on a license where a NI 43-101 – Standards of Disclosure for Mineral Projects ("43-101") compliant resource has not yet been established are expensed as incurred until sufficient evaluation has occurred in order to establish a 43-101 compliant resource and on completion of a pre-feasibility study. Costs expensed during this phase are included in "exploration and evaluation expenses" in the consolidated statements of operations and comprehensive loss.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

## 2. Significant Accounting Policies - continued

**Mineral properties and exploration expenditures - continued**

Mine development costs are capitalized if management determines that there is sufficient evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Prior to capitalizing such costs, management determines if there is a probable future benefit that will contribute to future cash inflows, the Company can obtain the benefit and control access to it, and if the transaction or event giving rise to the benefit has already occurred.

If the Company does not have sufficient evidence to support the probability of generating positive economic returns in the future, mine development costs are expensed in the consolidated statements of operations and comprehensive loss.

**Equipment**

Equipment, consisting of a drill rig and related equipment, is depreciated straight line over its expected useful life of three exploration seasons. The equipment was used during the current year and one season's depreciation was taken.

**Flow-through shares**

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the flow-through shares. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in the consolidated statement of operations and comprehensive loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred.

**Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

## 2. Significant Accounting Policies - continued

### Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Potentially dilutive instruments include 14,960,600 warrants and 13,052,500 stock options, which were anti-dilutive for the year ending March 31, 2023.

### Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting periods include, but are not limited to, the following:

- The drill rig remains in good condition and the carrying value will be recoverable (note 4).
- The calculation of the fair value of warrants and stock options requires the use of estimates of inputs in the Black-Scholes option pricing model (note 6).

### Share capital and share issue costs

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Asset retirement obligation

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment in the federal and regional jurisdictions in which it operates. The Company believes its operations are in compliance with all applicable laws and regulations. The Company expects to make, in the future, expenditures that comply with such laws and regulations but cannot predict the full amount or timing of such future expenditures. A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise.

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated non-discounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material ARO's to record in these consolidated financial statements.

## 2. Significant Accounting Policies - continued

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and finite life intangible assets, including deferred evaluation and exploration expenditures, to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows). If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

**Share-based payment transactions**

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on their fair value over the period of vesting using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to capital stock.

**Presentation and functional currency and foreign currency translation**

The Company's presentation currency is Canadian Dollars and all amounts are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company and its subsidiaries is outlined below:

| **Entity** | **Functional Currency** |
|---|---|
| Aston Bay Holdings Ltd. | Canadian dollar |
| Aston Bay Ventures Ltd. | Canadian dollar |
| Blue Ridge Mining Inc. | United States dollar |

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in a currency other than the Canadian Dollar are translated into Canadian Dollars at the exchange rate as at the end of the reporting period. Non-monetary assets and liabilities are translated at historical exchange rates at the transaction date. Depreciation is translated at historical exchange rates at the transaction date. The calculated exchange gains and losses are included in loss and comprehensive loss for the year. On consolidation, assets and liabilities are translated from the functional currency to the presentation currency based on the exchange rate as at the end of the reporting period.

(Expressed in Canadian Dollars)

## 3. Exploration and Evaluation Expenses

The following is a summary of accumulated exploration and evaluation expenses (recoveries):

| | Storm Copper and Seal Zinc | Virginia Projects Buckingham | Virginia Projects Mountain | Total |
|---|---|---|---|---|
| **March 31, 2021** | **$ 12,326,032** | **$ 1,407,128** | **$ -** | **$ 13,733,160** |
| Expenditures | 1,468 | 141,496 | 1,321,126 | 1,464,090 |
| American West payment | (500,000) | - | - | (500,000) |
| **March 31, 2022** | **$ 11,827,500** | **$ 1,548,624** | **$ 1,321,126** | **$ 14,697,250** |
| Expenditures | 84,483 | 153,477 | 72,021 | 309,981 |
| American West payments | (384,760) | - | - | (384,760) |
| **March 31, 2023** | **$ 11,527,223** | **$ 1,702,101** | **$ 1,393,147** | **$ 14,622,471** |

**Storm Copper and Seal Zinc Project**

The Storm Copper and Seal Zinc Project (the “Project”) consists of 117 contiguous mining claims covering an area of approximately 302,725 hectares on Somerset Island, Nunavut, Canada. The Company has a 100% ownership interest in the property, subject to a 0.875% Gross Overriding Royalty held by Commander Resources Ltd. on a portion of the property.

On May 3, 2021, the Company closed its option agreement transaction with American West Metals Limited (“AWML”), an Australian public company, and Tornado Metals Ltd. (“American West”), a wholly owned subsidiary of AWML, pursuant to which American West has an option to earn an 80% interest in the Storm Copper and Seal Zinc Project. In connection with the closing of the transaction, the Company received a payment of $500,000 from American West.

American West is the operator of the Project during the term of the Option Agreement, but the parties have established a management committee comprised of three members, two appointed by American West and one appointed by Aston Bay.

Upon exercise of the Option, American West and Aston Bay will form an 80 / 20 joint venture and enter into a joint venture agreement, the form of which was settled under the Option Agreement. Under such agreement, Aston Bay shall have a free carried interest until American West has made a decision to mine after which it shall be diluted in the event it does not elect to contribute its proportionate share. Its interest will be converted into a 2% net smelter return if its interest is diluted to below 10%.

During the year, the Company’s joint venture partner American West made plans for a 2023 exploration program which began in April 2023 and arranged to acquire and utilize certain supplies that the Company had on hand at site. In connection with that, the Company billed American West a total of $384,760 representing a recovery of prior expenditures.

## 3. Exploration and Evaluation Expenses - continued

### Buckingham Gold Project

The Buckingham Gold Project area is located in central Virginia, USA within a copper-lead-zinc-gold-silver (Cu-Pb-Zn-Au-Ag) mineralized sedimentary and volcanic belt prospective for sedimentary exhalative (SEDEX) or Broken Hill (BHT) type deposits. Correlative rock units in adjacent states of North Carolina and Tennessee host historic mineralized deposits including Ducktown, Ore Knob, Gossan Lead and Haile.

The Company operates under an Exploration and Option to Lease agreement in Buckingham County, Virginia.

On August 23, 2019, the Company entered into a definitive agreement with a North American timber company which granted Aston Bay an exclusive option to lease the mineral rights to 10,985 acres (4,445 hectares) of land located in Central Virginia, USA within its Buckingham Gold Project area. The agreement is for a three-year term. Pursuant to the terms and conditions of the agreement, the Company is required to pay minimum annual option payments and incur minimum annual expenditures totalling USD$ 450,000 for the period Commitment (August 23, 2021 – August 22, 2022). In accordance with the terms of the agreement the Company has surrendered certain portions of the original land package and there are now 2,235 acres remaining under the agreement.

<u>Property Expansion</u>

In March 2022, the Company entered into exploration agreements with an option to lease with two private landowners to lease the mineral rights for land parcels adjacent to the Buckingham Gold Project. The property consists of 532 acres (215.3 hectares) of private land adjacent to the existing parcels that host the Buckingham Gold vein, extending the potential strike length of the vein to over one mile (1.6 kilometres (km)), as well as adding other land highly prospective for additional gold mineralization. The agreements are for a period of five years and the Company must make option payments totalling US$11,376 in the first year, US$5,938 in the second year, US$11,377 in the third year and US$14,346 in the fourth year to keep the agreement in good standing otherwise it will forfeit the option.

### Mountain Zinc-Copper Project

On May 17, 2021 the Company entered into a Letter Agreement with a private landowner for key parcels of land as part of the Company's exploration for base metals deposits in Pittsylvania County in Central Virginia, USA. The property consists of 1,982 acres of private land located within an underexplored base metals belt with direct access to highway and rail transportation. In October 2021 and in January 2022 the Company entered into exploration agreements with private landowners to expand the project into adjacent property for a total of an additional 58 acres.

During the year ended March 31, 2023, the Company notified the property owners that no further work is planned and all the Mountain Project agreements have been allowed to lapse.

(Expressed in Canadian Dollars)

## 4. Equipment

Equipment cost of $250,000 for a drill rig and related equipment and had a net book value of $83,334 at March 31, 2023. The equipment is being depreciated straight line over its expected useful life of three exploration seasons. Depreciation of $83,333 (2022 – $nil) was charged to exploration and evaluation expenses.

| | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|
| **March 31, 2021** | **$ 250,000** | **$ 83,333** | **$ 166,667** |
| Depreciation | - | - | - |
| **March 31, 2022** | **$ 250,000** | **$ 83,333** | **$ 166,667** |
| Depreciation | - | 83,333 | (83,333) |
| **March 31, 2023** | **$ 250,000** | **$ 166,667** | **$ 83,334** |

## 5. Related-Party Transactions and Balances

The Company's related parties include the following:

| | |
|---|---|
| Thomas Ullrich | Director and Officer |
| Jan-Erik Back | Director |
| Michael Dufresne | Director and Consultant |
| Jessie Liu-Ernsting | Director |
| Ian McPherson | Director |
| Dwight Walker | Officer |

The Company entered into the following related party transactions during the year:

a) Salaries in the amount of $150,000 (2022 - $150,000) were earned by Thomas Ullrich, the Company's Chief Executive Officer. The salaries were recorded as salaries expense. The amount of salaries payable at March 31, 2023 were $178,095 (March 31, 2022 - $76,379).

b) During the year, Mr. Ullrich advanced $200,000 to the Company. The loan is unsecured and repayable on demand. Interest is payable quarterly at 15% per annum. Prior to November 17, 2022 interest was payable quarterly at 9% per annum. During the year, $66,407 (2022 - $36,336) of quarterly interest payable was credited to the loan balance. A further $9,001 (March 31, 2022 - $3,561) of interest was accrued at March 31, 2023. The total amount of advances and quarterly interest credits at March 31, 2023 was $782,225 (2022 - $515,818).

c) Fees in the amount of $64,908 (2022 – $419,530) were charged by APEX Geoscience Ltd., a mining and engineering firm 50% owned by Michael Dufresne. These fees have been recorded as exploration and evaluation expenses. Amounts payable as at March 31, 2023 were $329,798 (March 31, 2022 - $255,233).

d) Fees in the amount of $80,000 (2022 - $80,000) were charged by Target Financial Services Inc., a company controlled by Dwight Walker, for the services of Mr. Walker, who acts as Chief Financial Officer of the Company. The fees are reflected in consulting fees. The amounts payable to Target Financial Services Inc. at March 31, 2023 were $135,333 (March 31, 2022 - $75,333).

(Expressed in Canadian Dollars)

## 5. Related-Party Transactions and Balances - continued

These transactions were in the normal course of business and were measured at the exchange amount. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company.

The Company has no long-term or post-employment benefit programs. Compensation awarded to key management, included in (a) (b) and (d) above, was as follows:

| | **2023** | 2022 |
|---|---|---|
| Short-term benefits | **$ 230,000** | $ 230,000 |
| Share-based payments | **-** | 47,298 |
| Total | **$ 230,000** | **$** 277,298 |

## 6. Share Capital

**Authorized -** Unlimited number of common shares without par value.

**Issued -** The continuity of issued and outstanding shares is as follows:

| | **Number of Shares** | **Amount** |
|---|---|---|
| **Balance, March 31, 2021** | **163,975,094** | **$ 18,860,958** |
| Private placement – December 23, 2021 (i) | 13,473,500 | 707,310 |
| Share issuance costs (i) | - | (40,934) |
| **Balance, March 31, 2022** | **177,448,594** | **$ 19,527,334** |
| Private placement – April 8, 2022 (a) | 1,005,000 | 55,300 |
| Share issuance costs (a) | - | (700) |
| **Balance, March 31, 2023** | **178,453,594** | **$ 19,581,934** |

*Year ended March 31, 2023*

a) On April 8, 2022, the Company issued 1,005,000 units (each unit comprised of one common share and one common share purchase warrant) at a price of $0.06 per unit for gross proceeds of $60,300. The non-brokered private placement included the issuance of 1,005,000 warrants exercisable at $0.12 per share exercisable until April 8, 2024. Of the total gross proceeds, $30,300 were received during the year ended March 31, 2022, and were reflected as shares to be issued at March 31, 2022. In connection with the financing, the Company paid regulatory fees of $700.

(Expressed in Canadian Dollars)

## 6. Share Capital - continued

*Year ended March 31, 2022*

(i) On December 23, 2021, the Company issued 13,473,500 units (comprised of one common share and one purchase warrant) at a price of $0.06 per unit for gross proceeds of $808,410. The non-brokered private placement included the issuance of 13,473,500 warrants (the "Warrants") exercisable at $0.12 per share valued at $101,100 and exercisable until December 23, 2023. In connection with the financing, the Company paid aggregate cash finder's fees of $28,926, issued 482,100 finders' warrants valued at $3,600 on the same terms as the Warrants, and paid legal and regulatory fees of $8,408.

(ii) In the fourth quarter of the year ended March 31, 2022, the Company commenced a non-brokered private placement financing and received proceeds of $30,300 which are reflected as shares to be issued. The financing was completed April 8, 2022.

**Stock Options**

The stock option plan (the "Plan") is administered by the Board of Directors of the Company, which established the exercise prices, vesting conditions and expiry date of the options. The number of common shares reserved under the Plan is 10% of the issued and outstanding number of common shares.

The continuity of share purchase options is as follows:

| | Number of Options | Weighted average exercise price |
|---|---|---|
| **Outstanding, March 31, 2021** | **14,912,500** | **$ 0.12** |
| Options granted | 350,000 | 0.06 |
| Options expired | (400,000) | (0.20) |
| Options forfeited | (1,080,000) | (0.12) |
| **Outstanding, March 31, 2022** | **13,782,500** | **$ 0.11** |
| Options expired | (730,000) | (0.20) |
| **Outstanding, March 31, 2023** | **13,052,500** | **$ 0.11** |

On January 31, 2022, the Company granted 350,000 options exercisable until January 31, 2024 at an exercise price of $0.06 per share to a consultant of the Company. The stock options were valued at $13,500 using the Black-Scholes option-pricing model with the following assumptions: expected life of two years, risk-free rate of 1.23%, expected dividend yield of 0%, and expected volatility of 150%. The share price at the time of the grant was $0.055. The options vested on January 31, 2023 and the fair value amount of $13,500 was recognized over the twelve-month period to the vesting date. $11,250 was included in stock-based compensation for the year ended March 31, 2023 (2022 - $2,250).

(Expressed in Canadian Dollars)

## 6. Share Capital - continued

As at March 31, 2023, the following options were outstanding and exercisable:

| Expiry Date | Average Remaining Contractual Life (in years) | Number of Options Outstanding | Number of Options Exercisable | Outstanding or Exercisable Exercise Price |
|---|---|---|---|---|
| May 18, 2023 | 0.1 | 1,027,500 | 1,027,500 | $ 0.40 |
| January 27, 2024 | 0.8 | 500,000 | 500,000 | 0.20 |
| January 31, 2024 | 1.0 | 350,000 | 350,000 | 0.06 |
| December 8, 2024 | 1.7 | 950,000 | 950,000 | 0.15 |
| January 22, 2026 | 2.8 | 3,575,000 | 3,575,000 | 0.10 |
| March 10, 2027 | 3.9 | 3,150,000 | 3,150,000 | 0.06 |
| March 10, 2028 | 4.9 | 3,500,000 | 3,500,000 | 0.05 |
| | **3.2** | **13,052,500** | **13,052,500** | |

The Company recognized $11,250 (2022 - $92,350) in stock-based compensation.

**Warrants**

The continuity of share purchase warrants is as follows:

| | Number of Warrants | Weighted average exercise price |
|---|---|---|
| **Outstanding, March 31, 2021** | **35,233,860** | **$ 0.12** |
| Warrants issued (ii) | 13,473,500 | 0.12 |
| Broker/finder warrants issued (ii) | 482,100 | 0.12 |
| Expired | (323,020) | (0.12) |
| **Outstanding, March 31, 2022** | **48,866,440** | **$ 0.12** |
| Warrants issued (i) | 1,005,000 | 0.12 |
| Expired | (34,910,840) | (0.12) |
| **Outstanding, March 31, 2023** | **14,960,600** | **$ 0.12** |

(Expressed in Canadian Dollars)

## 6. Share Capital - continued

*Year ended March 31, 2023*

(i) On April 8, 2022, the Company issued warrants to acquire a total of 1,005,000 common shares of the Company at an exercise price of $0.12 per common share, exercisable until April 8, 2024. The warrants are subject to acceleration provisions. The aggregate fair value for these warrants of $5,000, which includes the effect of the acceleration, was determined using the Black Scholes pricing model with the following assumptions: volatility of 150%; an expected life of 2 years, a dividend yield of 0%, and a risk-free interest rate of 2.34%. The share price at the time of the issuance was $0.04.

*Year ended March 31, 2022*

(ii) On December 23, 2021, the Company issued warrants and finder warrants to acquire a total of 13,955,600 common shares of the Company at an exercise price of $0.12 per common share, exercisable until December 23, 2023. The warrants are subject to acceleration provisions. The aggregate fair value for these warrants of $101,100, which includes the effect of the acceleration, was determined using the Black Scholes pricing model with the following assumptions: volatility of 150%; an expected life of 2 years, a dividend yield of 0%, and a risk-free interest rate of 0.94%. The share price at the time of the issuance was $0.06.

As at March 31, 2023, the following warrants were outstanding and exercisable:

| **Expiry Date** | **Number of Warrants** | **Exercise Price** |
|---|---|---|
| December 23, 2023 | 13,955,600 | $ 0.12 |
| April 8, 2024 | 1,005,000 | $ 0.12 |
| | **14,960,600** | |

## 7. Management of Capital

The Company considers its capital structure to consist of shareholders' equity. The Company’s objective in managing capital is to maintain adequate levels of funding to support organizational functions and obtain sufficient funding to further the identification and development of mineral deposits. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; and as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration, pay for administrative costs and fund working capital, the Company will need to raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

## 7. Management of Capital - continued

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

## 8. Financial Risk Factors

The Company's risk exposures and the impact on its financial instruments are summarized below:

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company’s maximum exposure to credit risk at the end of the reporting period is the carrying value of its financial assets. Cash and cash equivalents are held with large financial institutions in Canada, and management believes that exposure to credit risk is not significant.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As of March 31, 2023, the Company had a working capital deficit of $2,149,533 (March 31, 2022 – $1,487,939). The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operational requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances.

The Company is currently in the exploration stage and has not commenced commercial operations. As at March 31, 2023, the Company has an accumulated deficit of $25,588,060 (2022 - $24,862,969) and is not yet generating operating cash flows (see note 1).

**Market risk**

- Interest rate risk

The Company has no significant exposure to interest rate risk through its financial instruments.

- Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Price risk is remote since the Company is not a producing entity.

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

**Fair value**

The fair values of the Company's cash and cash equivalents, , accounts receivable, loan payable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

(Expressed in Canadian Dollars)

## 9. Additional Cash Flow Information

The net change in non-cash working capital consists of the following:

| | | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|---|
| Accounts receivable | $ | **(98,700)** | $ | - |
| Sales tax recoverable/payable | | **24,024** | | (2,283) |
| Prepaid expenses | | **13,043** | | (6,615) |
| Accounts payable and accrued liabilities | | **404,182** | | 670,423 |
| | $ | **342,549** | $ | 661,525 |

## 10. Income Taxes

### (a) Provision for income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) to the effective tax rate is as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Loss before recovery of income taxes | $ | **(725,095)** | $ | (1,730,398) |
| Expected income tax (recovery) expense | $ | **(195,780)** | $ | (467,210) |
| Differences in tax rates of subsidiaries and other adjustments | | **4,120** | | 18,920 |
| Stock-based compensation and non-deductible expenses | | **3,770** | | 25,150 |
| Share issuance cost booked to equity | | **-** | | (11,050) |
| Change in tax benefits not recognized | | **187,890** | | 434,190 |
| Income tax (recovery) | $ | **-** | $ | - |

The Company's income tax (recovery) is allocated as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Current tax (recovery) expense | $ | **-** | $ | - |
| Deferred tax (recovery) expense | | - | | - |
| | $ | - | $ | - |

(Expressed in Canadian Dollars)

## 9. Income taxes - continued

Deferred taxes are provided as a result of temporary differences that arise due to the differences between income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Equipment | **$** | **170,860** | $ | 87,530 |
| Share issuance costs | | **49,320** | | 101,460 |
| Operating tax losses carried forward – Canada | | **7,575,640** | | 7,237,710 |
| Operating losses carried forward – US | | **508,210** | | 392,160 |
| Tax credits | | **48,340** | | 48,340 |
| Resource pools – Mineral properties | | **11,250,190** | | 11,023,540 |

The Canadian and U.S. operating tax loss carry forwards expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

### (b) Tax loss expiry

The Company's Canadian and U.S. operating tax losses expire as follow:

| | | **Canada** | | **USA** |
|---|---|---|---|---|
| 2031 | | 10,580 | | - |
| 2032 | | 281,410 | | - |
| 2033 | | 440,080 | | - |
| 2034 | | 469,280 | | - |
| 2035 | | 637,760 | | - |
| 2036 | | 642,900 | | - |
| 2037 | | 850,610 | | 69,480 |
| 2038 | | 854,690 | | 171,980 |
| 2039 | | 969,370 | | - |
| 2040 | | 891,610 | | - |
| 2041 | | 875,210 | | - |
| 2042 | | 314,200 | | - |
| 2043 | | 337,940 | | - |
| Indefinitely | | - | | 266,750 |
| | **$** | **7,575,640** | **$** | **508,210** |