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**FireFox Gold Corp.**  
Consolidated Financial Statements  
For the years ended December 31, 2022 and 2021  
(Expressed in Canadian dollars)

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## Independent Auditor's Report

To the Shareholders of FireFox Gold Corp.

### Opinion

We have audited the consolidated financial statements of FireFox Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 financial position of the Company as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the years then ended 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 Consolidated 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 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.

### 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 for the year ended December 31, 2022. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Assessment of Impairment Indicators of Exploration and Evaluation Assets

#### Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of December 31, 2022.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at December 31, 2022, was \$ 1,142,297, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 8 to the consolidated financial statements.



#### *How the Key Audit Matter Was Addressed in the Audit*

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of exploration and evaluation assets, which included the following:

- Obtained the option agreement, confirmed the details and exercise of the option agreement with the counterparty and confirmed exploration claim listings included in the option agreement with the related mining authority.
- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company recorded a net loss of \$ 3,581,680 and, as at December 31, 2022, the Company had an accumulated deficit of \$ 16,891,687 and working capital of \$ 619,776. 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.

#### **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 consolidated 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 consolidated 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 consolidated 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

***"D&H Group LLP"***

Vancouver, B.C.  
May 1, 2023

**Chartered Professional Accountants**

# FireFox Gold Corp.

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

|                             | Note | December 31<br>2022 | December 31<br>2021 |
|-----------------------------|------|---------------------|---------------------|
| <b>ASSETS</b>               |      |                     |                     |
| Current assets              |      |                     |                     |
| Cash                        | \$   | 713,745             | 1,579,171           |
| Amounts receivable          |      | 97,195              | 68,105              |
| Prepaid expenses            |      | 71,795              | 203,288             |
|                             |      | 882,735             | 1,850,564           |
| Long-term prepaid expenses  |      | 99,458              | -                   |
| Equipment                   | 7    | 102,492             | 115,591             |
| Mineral properties          | 8    | 1,142,297           | 1,092,297           |
|                             |      | 2,226,982           | 3,058,452           |
| <b>LIABILITIES</b>          |      |                     |                     |
| Current liabilities         |      |                     |                     |
| Accounts payable            | \$   | 77,693              | 429,544             |
| Due to related parties      | 11   | 76,815              | 210,570             |
| Accrued liabilities         |      | 108,451             | 276,329             |
|                             |      | 262,959             | 916,443             |
| <b>SHAREHOLDERS' EQUITY</b> |      |                     |                     |
| Capital stock               | 9    | \$ 16,284,503       | 13,075,963          |
| Contributed Surplus         | 9    | 2,571,207           | 2,345,553           |
| Subscriptions Receivable    | 9    | -                   | 30,500              |
| Deficit                     |      | (16,891,687)        | (13,310,007)        |
|                             |      | 1,964,023           | 2,142,009           |
|                             |      | 2,226,982           | 3,058,452           |

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

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

These consolidated financial statements were approved for issue by the Board of Directors on May 1, 2023 and are signed on its behalf by:

\_\_\_\_\_  
"Carl Löffberg", Director \_\_\_\_\_  
"Patrick Highsmith", Director

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# FireFox Gold Corp.

## Consolidated Statements of Loss and Comprehensive Loss

Years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

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|  | Note | For year ended<br>December 31<br>2022 | For the year ended<br>December 31<br>2021 |
|--|------|---------------------------------------|---|
| <b>EXPENSES</b>                                  |      |                                       |   |
| Advertising & promotion                          |      | \$ 70,978                             | \$ -                                      |
| Audit and tax compliance                         |      | 34,293                                | 21,256                                    |
| Depreciation                                     | 7    | 32,768                                | 38,531                                    |
| Filing and listing fees                          |      | 13,185                                | 71,932                                    |
| Foreign exchange loss (gain)                     |      | -                                     | 7,714                                     |
| Legal  |      | 24,479                                | 9,304                                     |
| Marketing  |      | -                                     | 63,271                                    |
| Mineral property exploration                     | 8    | 2,907,029                             | 3,899,601                                 |
| Office costs                                     |      | 70,946                                | 190,992                                   |
| Personnel  | 11   | 290,199                               | 410,912                                   |
| Regulatory fees                                  |      | 33,499                                | 10,649                                    |
| Share based payments                             | 11   | -                                     | 374,465                                   |
| Shareholder communications                       |      | 140,168                               | 192,796                                   |
| Travel and meals                                 |      | -                                     | 1,198                                     |
| Operating expenses                               |      | 3,617,544                             | 5,292,621                                 |
| Other Income                                     | 11   | (35,864)                              | (4,464)                                   |
| Net and comprehensive loss<br>for the period     |      | \$ 3,581,680                          | \$ 5,288,157                              |
| Basic and diluted loss per share                 |      | \$ (0.03)                             | \$ (0.06)                                 |
| Weighted average number of<br>shares outstanding |      | 107,143,685                           | 94,909,952                                |

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

# FireFox Gold Corp.

## Consolidated Statements of Changes in Equity

Years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

|  | Number of Shares | Share Capital | Contributed Surplus | Subscriptions Receivable | Deficit         | Total Shareholders' Equity |
|--|------------------|---------------|---------------------|--------------------------|-----------------|----------------------------|
| Balance at December 31, 2020                   | 81,503,531       | \$ 9,182,791  | \$ 1,840,984        |                          | \$ (8,021,850)  | \$ 3,001,925               |
| Private placements                             | 16,666,664       | 3,000,000     | -                   | -                        | -               | 3,000,000                  |
| Share issuance costs                           |                  | (87,784)      | -                   | -                        | -               | (87,784)                   |
| Stock options exercised                        | 1,260,000        | 293,457       | - 125,457           | -                        | -               | 168,000                    |
| Warrants exercised                             | 4,741,000        | 687,500       | -                   | 30,500                   | -               | 718,000                    |
| Share-based compensation                       | -                | -             | 630,026             | -                        | -               | 630,026                    |
| Net loss and comprehensive loss for the period | -                | -             | -                   | -                        | (5,288,157)     | (5,288,157)                |
| Balance at December 30, 2021                   | 104,171,195      | \$ 13,075,963 | \$ 2,345,553        | \$ 30,500                | \$ (13,310,007) | \$ 2,142,009               |
| Private placements                             | 21,964,286       | 1,864,316     | 208,774             | -                        | -               | 2,073,090                  |
| Share issuance costs                           | -                | (72,625)      | 16,880              | -                        | -               | (55,745)                   |
| Stock options exercised                        | 5,000            | 500           | -                   | (500)                    | -               | -                          |
| Warrants exercised                             | 10,777,166       | 1,257,800     | -                   | (30,000)                 | -               | 1,227,800                  |
| Shares for debt                                | 1,056,997        | 158,549       | -                   | -                        | -               | 158,549                    |
| Net loss and comprehensive loss for the period | -                | -             | -                   | -                        | (3,581,680)     | (3,581,680)                |
| Balance at December 31, 2022                   | 137,974,644      | \$ 16,284,503 | \$ 2,571,207        | \$ -                     | \$ (16,891,687) | \$ 1,964,023               |

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

# FireFox Gold Corp.

## Consolidated Statements of Cash Flows

Years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

|  | Note | For the year ended<br>December 31<br>2022 | For the year ended<br>December 31<br>2021 |
|--|------|---|---|
| <b>Operating activities</b>                                |      |   |   |
| Loss for the period  |      | \$ (3,581,680)                            | \$ (5,288,157)                            |
| Non-cash items   |      |   |   |
| Share-based payments                                       | 11   | -   | 630,027                                   |
| Depreciation   | 7    | 32,768                                    | 38,531                                    |
| Change in non-cash working capital:                        |      |   |   |
| Amounts receivable   |      | (29,089)                                  | (27,781)                                  |
| Prepaid expenses   |      | 32,033                                    | (114,046)                                 |
| Accounts payable   |      | (193,303)                                 | 354,284                                   |
| Due to related parties                                     | 11   | (133,755)                                 | 185,557                                   |
| Accrued liabilities  |      | (167,878)                                 | 214,153                                   |
| <b>Net cash used in operating activities</b>               |      | <b>(4,040,904)</b>                        | <b>(4,007,433)</b>                        |
| <b>Investing activities</b>                                |      |   |   |
| Purchase of equipment                                      | 7    | (19,667)                                  | (154,122)                                 |
| Mineral property acquisition                               | 8    | (50,000)                                  | (100,000)                                 |
| <b>Net cash provided by (used in) investing activities</b> |      | <b>(69,667)</b>                           | <b>(254,122)</b>                          |
| <b>Financing activities</b>                                |      |   |   |
| Private placement, net of share issuance costs             | 9    | 2,017,345                                 | 2,912,216                                 |
| Subscriptions receivable                                   | 9    | -   | 30,500                                    |
| Stock options exercised                                    | 9    | -   | 168,000                                   |
| Warrants exercised   | 9    | 1,227,800                                 | 687,500                                   |
| <b>Net cash provided by financing activities</b>           |      | <b>3,245,145</b>                          | <b>3,798,216</b>                          |
| <b>Change in cash during the period</b>                    |      | <b>(865,426)</b>                          | <b>(463,339)</b>                          |
| <b>Cash, beginning of the period</b>                       |      | <b>1,579,171</b>                          | <b>2,042,510</b>                          |
| <b>Cash, end of the period</b>                             |      | <b>\$ 713,745</b>                         | <b>\$ 1,579,171</b>                       |

### SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

#### Non-cash transactions and other supplemental disclosures:

|   |   |    |         |    |   |
|---|---|----|---------|----|---|
| Interest paid                           |   | \$ | -       | \$ | - |
| Shares issued for accounts payable debt | 9 | \$ | 158,549 | \$ | - |
| Income taxes paid                       |   | \$ | -       | \$ | - |

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



# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 1. Nature of operations and going concern

FireFox Gold Corp. (the “Company” or “FireFox”) was incorporated under the *Business Corporations Act* (British Columbia) on June 16, 2017. The Company’s registered place of business is located at 650 - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, Canada. The Company is in the exploration stage with respect to its mineral property interests, and its primary activity is exploring for economic gold mineralization in Finland.

The consolidated financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has working capital of \$ \$619,776 (2021 - \$934,121), has incurred significant operating losses and negative cash flows from operations during the year and will require additional financing in order to continue operations. While the Company has been successful in obtaining funding in the past through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects and, ultimately, the Company’s ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the exploration and development of the properties, and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis, all of which are uncertain. The 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. Such adjustments can be material.

### 2. Basis of presentation

#### Basis 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 they are consistent with interpretations of the IFRS Interpretations Committee (“IFRIC”). The accounting policies adopted in these consolidated financial statements are based on IFRS in effect at December 31, 2022.

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 2. Basis of presentation (continued)

#### Details of the group

In addition to the Company, the consolidated financial statements include a subsidiary. Subsidiaries are corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company and are de-consolidated from the date that control by the Company ceases. Inter-company transactions and balances are eliminated upon consolidation.

As at December 31, 2022, the Company has one subsidiary, FireFox Gold Oy.

### 3. Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and judgments 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 estimates and judgments, which, by their nature, are uncertain. The impact of estimates and judgments is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of estimated uncertainty, could result in material adjustments to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. Such significant assumptions include, but are not limited to, the following areas:

#### *Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Provision for income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 3. Significant accounting estimates and judgments (continued)

- Stock options

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

#### *Critical accounting judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Exploration and evaluation assets impairment

The assessment of evidence of impairment in respect of exploration and evaluation assets (capitalized mineral property acquisition costs) requires management to make judgments regarding the status of each project and the future exploration plans. The triggering events for an impairment test are defined in IFRS 6. The nature of exploration and evaluation activities is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. Management has determined that there were no triggering events as defined in IFRS 6 with respect to the Company's properties.

- Exploration and evaluation assets title

Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

- Classification of financial instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 4. Summary of significant accounting policies

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or are fully redeemable without penalty when acquired. As at December 31, 2022, the Company did not have any cash equivalents.

#### Mineral property interests

Costs related to acquiring mineral properties are capitalized as mineral property acquisition costs on a project-by-project basis, pending determination of the technical feasibility and the commercial viability of each project. Acquisition costs include cash or shares paid, liabilities assumed, and associated legal costs paid to acquire the interest, whether by option, purchase, staking, or otherwise. Costs of investigation incurred before the Company has obtained the legal right to explore an area are recognized in the statement of loss.

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interest for that project, and subsequent costs incurred for the development of that project, are capitalized as mining properties, a component of property, plant and equipment.

Option-out agreements, where the Company is the operator, are accounted for by deducting the proceeds from the optionee from the expenditures made by the Company once title has been properly registered in the optionor's name. Until title has been registered in the optionee's name, the Company shows the amounts received as exploration advances liability.

#### Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 4. Summary of significant accounting policies (continued)

#### 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 ("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 if the Company has opted to measure them at FVTPL.

##### (ii) *Measurement*

###### 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. 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 profit or loss in the period in which they arise.

###### Financial assets and liabilities at FVTOCI

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are included in other comprehensive income or loss in the period in which they arise. On recognition, cumulative gains and losses of financial assets in other comprehensive income or loss are reclassified to profit or loss.

##### (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 on 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. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables (without a significant financing component classified at amortized cost), are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 4. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

##### (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. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

##### Foreign currencies

The Company has determined the Canadian dollar to be its functional and reporting currency. Accordingly, monetary assets and liabilities denominated in foreign currencies are recorded in Canadian dollars, translated at the exchange rate in effect at the statement of financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the transaction date. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are included in profit or loss.

##### Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

##### Unit offerings

Unit offerings require the Company to value each of the unit components separately. Units generally consist of a single common share and a full or a half-warrant. When unit warrants are non-transferrable, the Company uses the residual value method to value unit warrants. Proceeds received on the issuance of units are first allocated to common shares based on the fair market value of the common shares at the time the units are issued, with the residual being allocated to the warrant value. When unit warrants are transferrable, the Company uses the Black-Scholes model to value unit warrants. Proceeds received on the issuance of units are first allocated to warrants using the Black-Scholes valuation, with the remainder being allocated to the common shares.

##### Share-based payments

The Company has a stock option plan that is described in Note 9. Share-based payments to employees are measured at the fair value of the instruments issued on the date of grant and are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 4. Summary of significant accounting policies (continued)

#### Loss per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and the exercise of options and warrants that would be anti-dilutive.

### 5. Risk management and financial instruments

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Categories of financial assets and financial liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

| Financial instrument   | Category       | December 31 |              |
|------------------------|----------------|-------------|--------------|
|                        |                | 2022        | 2021         |
| Cash                   | FVTPL          | \$ 713,745  | \$ 1,579,171 |
| Accounts Receivable    |                | \$ 97,195   | \$ 68,105    |
| Accounts payable       | Amortized cost | \$ 77,693   | \$ 429,544   |
| Accrued Liabilities    | Amortized cost | \$ 108,451  | \$ 276,329   |
| Due to related parties | Amortized cost | \$ 76,815   | \$ 210,570   |

The carrying values of these instruments approximate their fair values due to their short term to maturity. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

#### Credit risk

Credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3). There are no expected credit losses with respect to the Company's financial instruments held at amortized cost.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 5. Risk management and financial Instruments (continued)

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at December 31, 2022, the Company is not exposed to significant market risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, and by maintaining its lending arrangement with a related party. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2022.

### 6. Fraud

During the year ended December 31, 2021, the Company was subject to an email fraud event. The business email was compromised by a sophisticated scam involving a hack of the Company's email. This resulted in a \$232,404 non-recoverable cash loss for the company. The amount is recorded in the exploration expenses and personnel expenses in the Consolidated Statement of Loss and Comprehensive Loss. The Company has reported the fraud to the authorities and its financial institution and to date has recovered \$35,274.

### 7. Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of equipment, less estimated residual value, using the straight-line method over the following expected useful lives:

- o Vehicles - 4 years
- o Machinery and Equipment - 4 years
- o Furniture and fixtures- 4 years

The following table provides a summary of the equipment at December 31, 2022:



# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 7. Equipment (continued)

|                         |                   |                  | December 31, 2022           |                   | December 31, 2021 |                   |
|-------------------------|-------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
|                         | Cost              | Amortization     | Accumulated<br>amortization | Net book value    |                   | Net book value    |
| Equipment and machinery | \$ 58,654         | \$ 12,218        | \$ 21,965                   | \$ 36,689         | \$                | \$ 29,239         |
| Furniture and fixtures  | 39,719            | 7,089            | 17,020                      | 22,699            |                   | 29,788            |
| Vehicles                | 75,418            | 13,461           | 32,315                      | 43,103            |                   | 56,563            |
| <b>Total</b>            | <b>\$ 173,791</b> | <b>\$ 32,768</b> | <b>\$ 71,300</b>            | <b>\$ 102,492</b> | <b>\$</b>         | <b>\$ 115,591</b> |

### 8. Mineral properties

(a) Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects

On August 1, 2017, the Company entered an option agreement with Magnus Minerals Ltd. ("Magnus"), a company incorporated under the laws of Finland, whereby Magnus granted FireFox an exclusive right and option to earn and acquire a 100% interest in each of the Riikonkoski (East and West), Jeesiö (including Jeesiö West) and Ylöjärvi (including Oks) projects (the "RJV Properties"), which are located in Finland and were, at the time, owned by Magnus (the "RJV Option Agreement"). Since originally entering into the option agreement, certain extensions have been formally granted by Magnus to commitment dates under the RJV Option Agreement.

Pursuant to the RJV Option Agreement, FireFox has completed the following commitments:

- (i) issued 6,000,000 common shares to Magnus
- (ii) incurred \$3,897,021 in exploration expenditures on the RJV Properties, and
- (iii) made cash payments to Magnus totaling \$250,000

On January 26, 2021 FireFox Gold Corp. completed its earn-in requirements with prepayment of the final \$100,000 outstanding and exercised the option for a 100% interest in the Jeesiö Gold Project in Lapland, Finland. There are no further commitments to be satisfied under the RJV Option Agreement.

The RJV Option Agreement also provides that upon FireFox exercising the Option, FireFox will be obligated to pay Magnus an additional payment, equal to the value of 1,000 troy ounces of gold, within 12 months of the commencement of commercial production. In addition, under the RJV Option Agreement, FireFox granted Magnus a 1.5% net smelter return royalty ("NSR"), which may be reduced to 1% by the payment to Magnus of the value of 1,000 troy ounces of gold within 90 days of publishing a positive feasibility study. Pursuant to the RJV Option Agreement, Magnus has agreed to provide mineral exploration services to FireFox. Magnus is a related party (Note 11).

(b) Mustajärvi project

On December 14, 2017, the Company entered into an agreement whereby it paid a total of €30,000 and issued 400,000 common shares to a Finnish junior exploration company, Aurora Exploration Oy ("Aurora"), to acquire a 100% interest in the Mustajärvi Project. Aurora retains a 1% Net Smelter Royalty ("NSR") on all metals sold from the Mustajärvi Project, 50% of which can be repurchased by FireFox for USD \$500,000. The repurchase right is exercisable at any point within 180 days of the Company's receipt of a positive feasibility study for the Mustajärvi Project.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

FireFox Gold has expanded the original Mustajärvi Project by applying for two exploration permits, which cover the continuation of the Mustajärvi shear zone towards the southwest from the Mustajärvi permit (Mustajärvi West) and extend the property holding east of the Mustajärvi permit (Mustajärvi East).

#### (c) Seuru Properties

On August 21, 2018, the Company entered an option agreement with Magnus (the "Seuru Option Agreement") to acquire a 100% interest in approximately 46,039 hectares of mineral exploration reservations in the Central Lapland Greenstone Belt of northern Finland. Since originally entering into the option agreement, certain extensions have been formally granted by Magnus to commitment dates under the Seuru Option Agreement. Magnus will retain a 1.5% NSR royalty on production from the Seuru Properties, 0.5% of which can be purchased for 1,000 troy ounces of gold. Magnus is a related party (Note 11).

As the exploration costs on Seuru are increasing, the Company has broken out costs starting in 2021 to more accurately identify those attributable to the Northern Properties (see the Mineral Exploration Expenses table below).

Pursuant to the Seuru Option Agreement, FireFox has completed the following commitments:

- (i) issued 1,500,000 shares,
- (ii) made cash payments to Magnus totalling \$200,000, and
- (iii) incurred \$ 2,327,788 in mineral exploration on the Seuru Properties (includes Northern Properties)

On July 7, 2022 FireFox Gold Corp. completed its earn-in requirements with a prepayment of the final \$50,000 outstanding, and exercised the option to acquire 100% interest in the Seuru project. There are no further commitments to be satisfied under the Seuru Option Agreement.

#### Mineral Properties (Assets)

|                            | RJY        | Mustajärvi | Seuru      | Total      |
|----------------------------|------------|------------|------------|------------|
| Total at December 31, 2017 | \$ 600     | \$ -       | \$ -       | \$ 600     |
| Share payments             | -          | 120,000    | 525,000    | 645,000    |
| Option payments            | 30,173     | 46,524     | 50,000     | 126,697    |
| Total at December 31, 2018 | \$ 30,773  | 166,524    | 575,000    | 772,297    |
| Option payments            | 60,000     | -          | 50,000     | 110,000    |
| Total at December 31, 2019 | \$ 90,773  | \$ 166,524 | \$ 625,000 | \$ 882,297 |
| Option payments            | 60,000     | -          | 50,000     | 110,000    |
| Total at December 31, 2020 | \$ 150,773 | \$ 166,524 | \$ 675,000 | \$ 992,297 |
| Option payments            | 100,000    | -          | -          | 100,000    |
| Total at December 31, 2021 | \$ 250,773 | 166,524    | 675,000    | 1,092,297  |
| Option payments            | -          | -          | 50,000     | 50,000     |
| Total at December 31, 2022 | \$ 250,773 | 166,524    | 725,000    | 1,142,297  |

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 8. Mineral properties (continued)

#### Mineral property exploration (Expenses)

| December 31, 2021              | RJY                 | Mustajärvi          | Seuru             | Northern Projects | Total               |
|--------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| Assays                         | \$ 45,483           | \$ 185,145          | \$ 71,461         | \$ 913            | \$ 303,002          |
| Drilling                       | \$ 621,791          | \$ 711,795          | \$ 202,426        | \$ -              | \$ 1,536,012        |
| Equipment expense              | \$ 10,653           | \$ 27,109           | \$ 19,089         | \$ 743            | \$ 57,594           |
| Geology                        | \$ 281,073          | \$ 681,576          | \$ 240,331        | \$ 104,701        | \$ 1,307,681        |
| Other                          | \$ 12,808           | \$ 40,504           | \$ 13,113         | \$ 499            | \$ 66,924           |
| Permits                        | \$ 12,963           | \$ 16,518           | \$ 12,781         | \$ 1,037          | \$ 43,299           |
| Rent                           | \$ 75,939           | \$ 47,343           | \$ 32,509         | \$ 1,750          | \$ 157,541          |
| Stock Based Compensation       | \$ 67,391           | \$ 138,619          | \$ 39,375         | \$ 10,175         | \$ 255,560          |
| Travel                         | \$ 35,713           | \$ 96,136           | \$ 37,863         | \$ 2,276          | \$ 171,988          |
| <b>Total December 31, 2021</b> | <b>\$ 1,163,814</b> | <b>\$ 1,944,745</b> | <b>\$ 668,948</b> | <b>\$ 122,094</b> | <b>\$ 3,899,601</b> |

| December 31, 2022              | Jeesio Total (RJY) | Mustajärvi          | Seuru Total         | Northern Projects Total | Total               |
|--------------------------------|--------------------|---------------------|---------------------|-------------------------|---------------------|
| Assays                         | \$ 46,724          | \$ 294,123          | \$ 135,048          | \$ -                    | \$ 475,895          |
| Drilling                       | \$ 38,741          | \$ 649,057          | \$ 465,873          | \$ -                    | \$ 1,153,672        |
| Equipment expense              | \$ 2,075           | \$ 9,712            | \$ 10,990           | \$ 220                  | \$ 22,997           |
| Geology                        | \$ 69,117          | \$ 403,582          | \$ 334,347          | \$ 50,249               | \$ 857,295          |
| Other                          | \$ 6,310           | \$ 35,043           | \$ 31,696           | \$ 684                  | \$ 73,732           |
| Permits                        | \$ 56,929          | \$ 12,361           | \$ 71,839           | \$ 32,024               | \$ 173,152          |
| Rent                           | \$ 5,937           | \$ 17,273           | \$ 30,289           | \$ -                    | \$ 53,499           |
| Travel                         | \$ 5,028           | \$ 58,309           | \$ 31,814           | \$ 1,636                | \$ 96,787           |
| <b>Total December 31, 2022</b> | <b>\$ 230,860</b>  | <b>\$ 1,479,460</b> | <b>\$ 1,111,897</b> | <b>\$ 84,813</b>        | <b>\$ 2,907,029</b> |

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 9. Share capital

#### (a) Authorized

The Company's authorized share capital consists of an unlimited number of common shares without par value.

#### (b) Equity financings

On April 28, 2021 the Company closed a Private Placement that raised total gross proceeds of \$3,000,000 by issuing 16,666,664 units at a purchase price of \$0.18 per unit. Each unit consisted of one common share of the Company and one half of one common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of \$0.27 per share for a term of two years from the date of issuance. The Company paid to qualified finders \$67,533 in cash finder's fees and issued 312,655 finders warrants exercisable at \$0.18 for 2 years from the date of issuance.

In June and July 2022, the Company closed the first and second tranches of a private placement by issuing 3,585,786 units of the Company at a purchase price of \$0.14 per Unit for gross proceeds of \$502,010. Each Unit consisted of one common share of the Company and one common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of \$0.21 per share for a term of two years from the date of issuance. The Company paid to qualified finders \$2,520 in cash finders fees and issued 15,000 finders warrants exercisable at \$0.21 for 2 years from the date of issuance in association with this financing. In relation to the private placement, cash share issuance costs of \$788 were paid in June 2022 with another \$2,635 paid subsequently in Q3 2022.

In June 2022, the Company agreed to issue 1,056,997 common shares of the Company in relation to the agreement for services (the "Kati Agreement") entered into with Oy Kati Ab Kalajoki ("Kati") an arm's length party. Pursuant to the Agreement, the Company agreed to issue common shares of the Company in full satisfaction of drilling services (the "Services") provided by Kati in Northern Finland in March 2022. Under the Kati Agreement, the fair value of the common shares to be issued was calculated using the closing price of the Company's common shares on June 1, 2022. The common shares issued had a value of \$0.15 per share and were issued in order to settle invoices totaling \$158,550. The Company incurred share issuance costs of \$1,357 in association with issuing these common shares.

In October 2022, the Company raised gross proceeds of \$506,000 by issuing 5,060,000 units of the Company at a purchase price of \$0.10 per unit. Each unit consisted of one common share of the Company and one-half common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of \$0.18 per share for a term of two years from the date of issuance. The Company paid to qualified finders \$1,800 in cash finders fees and issued 18,000 finders warrants exercisable at \$0.18 for 2 years from the date of issuance in association with this private placement.

In December 2022, the Company raised total gross proceeds of \$1,065,080 by issuing 13,318,500 units at a purchase price of \$0.08 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of C\$0.12 per share for a term of two years from the date of issuance. In association with this financing the Company paid qualified finder's fees of \$ 25,841 and issued 323,010 finder's warrants. The Company also paid \$6,480 in advisory fees and issued 81,000 advisory warrants.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (c) Stock options and warrants (continued)

The Company has a stock option plan (the “plan”) under which the Company may issue options to purchase common shares, at prices determined by the Board of Directors on the date of award, for periods of not more than five periods to directors, officers, employees and consultants. Share options awarded under the plan vest immediately upon plan-approval at the next general meeting. Subsequent to plan-approval, stock options awarded will vest immediately upon issue unless vesting is modified by the Board of Directors at the time of grant. The total number of common shares that may be reserved for issue under the share option plan is limited to 10% of the number of issued common shares.

Stock options transactions during the years ended December 31, 2022 and 2021 are as follows:

|   | Number of options | Weighted average exercise price |
|---|-------------------|---------------------------------|
| Outstanding December 31, 2020                     | 6,285,000         | 0.15                            |
| Awarded during the year ended December 31, 2021   | 2,800,000         | 0.29                            |
| Exercised during the year ended December 31, 2021 | (1,260,000)       | 0.13                            |
| Expired during the year ended December 31, 2021   | (190,000)         | 0.16                            |
| Outstanding December 31, 2021                     | 7,635,000         | \$ 0.20                         |
| Exercised during the year ended December 31, 2022 | (5,000)           | 0.10                            |
| Expired during the year ended December 31, 2022   | (1,000,000)       | 0.10                            |
| Outstanding December 31, 2022                     | 6,630,000         | \$ 0.22                         |

The following is a summary of share options outstanding and exercisable at December 31, 2022:

| Expiry date      | Number of options | Exercise price |
|------------------|-------------------|----------------|
| August 7, 2024   | 1,240,000         | \$ 0.15        |
| August 27, 2025  | 2,140,000         | \$ 0.15        |
| December 1, 2025 | 450,000           | \$ 0.25        |
| January 25, 2026 | 300,000           | \$ 0.21        |
| November 9, 2026 | 2,500,000         | \$ 0.30        |
| Total            | 6,630,000         | \$ 0.22        |

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 9. Share capital (continued)

#### (c) Stock options and warrants (continued)

The fair value of stock options awarded during 2021 was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions: risk free interest rate - 0.34%, expected volatility 143%-154%, expected lives – 5 years, estimated forfeiture rate – nil.

The average fair value of stock options awarded during the year ended December 31, 2021 was \$0.23. No stock options were granted in 2022.

During the year ended December 31, 2022, 5,000 stock options were exercised and converted into common shares for total proceeds of \$500, received in 2021.

During the year ended December, 2021, the Company issued 8,333,332 warrants attached to units issued in the private placement, each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of \$0.27 per share for a term of two years from the date of issuance. In relation to the private placement, the company also issued 312,655 brokers' warrants exercisable at \$0.18 for 2 years from the date of issuance.

During the year ended December 31, 2021, 4,741,000 warrants were exercised and converted into common shares for total proceeds of \$687,500. An additional 250,000 warrants for proceed totaling \$30,000 received in December 2021 were converted into common shares in 2022.

During the year ended December 31, 2022, the Company 19,871,296 warrants attached to units issued in the private placements, each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price ranging from \$0.12 to \$0.21 per share for a term of two years from the date of issuance (see Share Capital section above for details). In relation to the 2022 private placements, the Company issued 356,010 broker warrants and 81,000 advisory warrants.

During the year ended December 31, 2022, 10,777,166 warrants were converted to common shares for total proceeds of \$ 1,257,800, of which \$30,000 was received before December 31, 2021.

Warrant transactions during the years ended December 31, 2022 and 2021 are as follows:

|                                | Number of warrants | Weighted average exercise price |
|--------------------------------|--------------------|---------------------------------|
| Outstanding, December 31, 2020 | 33,510,102         | \$ 0.16                         |
| Issued                         | 8,645,989          | \$ 0.18                         |
| Exercised                      | (4,741,000)        | \$ 0.15                         |
| Expired                        | (1,734,533)        | \$ 0.20                         |
| Outstanding, December 31, 2021 | 35,680,558         | \$ 0.16                         |
| Issued                         | 19,871,296         | \$ 0.14                         |
| Exercised                      | (10,777,166)       | \$ 0.12                         |
| Expired                        | (16,257,403)       | \$ 0.18                         |
| Outstanding, December 31, 2022 | 28,517,285         | \$ 0.18                         |

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### (c) Stock options and warrants (continued)

The following is a summary of warrants outstanding at December 31, 2022:

| Expiry date | Number of warrants | Exercise price |
|-------------|--------------------|----------------|
| 2023-04-28  | 8,645,989 \$       | 0.27           |
| 2024-06-29  | 3,243,643 \$       | 0.21           |
| 2024-07-08  | 357,143 \$         | 0.21           |
| 2024-10-05  | 2,448,000 \$       | 0.18           |
| 2024-10-21  | 100,000 \$         | 0.18           |
| 2024-12-09  | 9,853,510 \$       | 0.12           |
| 2024-12-14  | 2,438,000 \$       | 0.12           |
| 2024-12-19  | 1,431,000 \$       | 0.12           |
| Total       | 28,517,285 \$      | 0.18           |

### 10. Segmented information

The Company's operations are conducted in two reportable segments: mineral exploration in Finland and Corporate operations in Canada. Neither segment generates revenue. As the operations are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

|         | December 31, 2022 | December 31, 2021 |
|---------|-------------------|-------------------|
| Canada  | \$ 762,921        | \$ 1,658,102      |
| Finland | 1,464,061         | 1,400,350         |
| Total   | \$ 2,226,982      | \$ 3,058,452      |

Cash amounting to \$562,359 was held in Canada, and \$151,386 was held in Finland (2021 - \$1,431,010 in Canada and \$148,161 in Finland).

Total mineral properties by geographical area:

|         | December 31, 2022 | December 31, 2021 |
|---------|-------------------|-------------------|
| Canada  | \$ -              | \$ -              |
| Finland | 1,142,297         | 1,092,297         |
| Total   | \$ 1,142,297      | \$ 1,092,297      |

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 10. Segmented information (continued)

Net loss by geographical area:

|         | December 31, 2022 |           | December 31, 2021 |           |
|---------|-------------------|-----------|-------------------|-----------|
| Canada  | \$                | 543,286   | \$                | 1,181,552 |
| Finland |                   | 3,038,394 |                   | 4,106,605 |
| Total   | \$                | 3,581,680 | \$                | 5,288,157 |

Exploration expenses by geographical area:

|         | December 31, 2022 |           | December 31, 2021 |           |
|---------|-------------------|-----------|-------------------|-----------|
| Canada  | \$                | -         | \$                | -         |
| Finland |                   | 2,907,029 |                   | 3,899,601 |
| Total   | \$                | 2,907,029 | \$                | 3,899,601 |

### 11. Related party disclosures

#### *Key management compensation*

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the periods is as follows:

|                                    | Year ended<br>December 31<br>2022 |         | Year ended<br>December 31<br>2021 |         |
|------------------------------------|-----------------------------------|---------|-----------------------------------|---------|
| Director remuneration <sup>1</sup> | \$                                | 81,452  | \$                                | 96,000  |
| Officer remuneration <sup>1</sup>  | \$                                | 225,866 | \$                                | 232,303 |
| Share-based payments               | \$                                | -       | \$                                | 282,675 |

<sup>1</sup>Remuneration consists exclusively of salaries, bonuses, health benefits if applicable and consulting fees for key management personnel.

Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments granted to key management personnel during the years ended December 31, 2022 and 2021.

During the year ended December 31, 2022, mineral property exploration services valued at \$ 704,827 (2021 - \$840,759), were provided by companies with an officer or director in common with FireFox.



# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 11. Related party disclosures (continued)

At December 31, 2022, \$5,716 (2021 - \$198,957) was owed to a related party for exploration services, \$63,452 (2021 - \$8,000) was owed to a related party for consulting fees, shown as personnel costs and exploration expenses on the statement of loss and comprehensive loss, \$9,647 (2021 - \$3,613) was owed to related parties in relation to accounting services and reimbursements of expenditures incurred on FireFox's behalf.

FireFox entered into mineral property option agreements with Magnus, further described in Notes 8(a) and (c) and paid \$50,000 (2021: \$100,000) in mineral property acquisition costs.

### 12. Income taxes

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% to income before income taxes. The reasons for the differences are as follows:

|  | 2022           | 2021           |
|--|----------------|----------------|
| Loss for the year                                      | \$ (3,519,348) | \$ (5,288,156) |
| Statutory income tax rate                              | 27.00%         | 27.00%         |
| Expected income tax recovery                           | (950,224)      | (1,427,802)    |
| Foreign income at different rate                       | 72,520         | 53,183         |
| Share issue costs                                      | (19,603)       | (23,696)       |
| Items not deductible (taxable) for income tax purposes | (14,283)       | 170,105        |
| Unrecognized benefit of deferred tax assets            | 911,590        | 1,227,861      |
| Income tax expense                                     | \$ -           | \$ -           |

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilized. The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following unrecognized asset amounts:

|   | 2022         | 2022         |
|---|--------------|--------------|
| Share issuance costs                          | 57,200       | 90,700       |
| Eligible capital property                     | 9,300        | 9,800        |
| Exploration and evaluation expenditures       | 2,640,900    | 2,109,800    |
| Non-capital losses carried forward            | 1,594,800    | 1,235,000    |
| Unrecognized deductible temporary differences | \$ 4,302,200 | \$ 3,445,300 |

The Company has non-capital losses of approximately \$4,098,902 (2021 - \$3,313,052) and accumulated pools of \$10,923,439 (2021 - \$8,906,346), both of which are available to deduct against future taxable Canadian income. The non-capital losses carried forward will begin to expire in 2037 if unused. The tax pools can be carried forward indefinitely. Additionally, the Company has approximately \$2,440,674 in loss carry forwards for Finnish tax purposes.

# FireFox Gold Corp.

## Notes to the Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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### 13. Subsequent events

On January 6, 2023, the Company issued 3,900,000 incentive stock options to certain directors, officers, staff and consultants in recognition of their respective contributions to the development of the Company. The options are valid for five years from the date of issuance and exercisable at a price of \$0.12 per share.

On February 22, 2023, the Company issued 800,000 incentive stock options to a newly appointed special advisor to the Board. The options are valid for five years from the date of issuance and exercisable at a price of \$0.12 per share.

In March and April 2023, the Company raised total gross proceeds of \$978,500 in a non-brokered private placement by issuing 9,785,000 units of the Company at a purchase price of \$0.10 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each whole warrant being exercisable to acquire one additional common share of the Company at an exercise price of \$0.15 per share for a term of two years from the date of issuance. The Company paid to qualified finders \$4,200 in cash finder's fees and issued 42,000 finders warrants exercisable at \$0.15 for 2 years from the date of issuance in association with this private placement. The Company paid \$31,800 in agency fees and issued 318,000 agency warrants exercisable at \$0.15 for 2 years from the date of issuance in association with this tranche.

In April 2023, the Company extended the expiry of 8,333,332 warrants issued in April 2021 exercisable at \$0.27 for 2 years, by one year to April 28, 2024. In April 2023, the Company also revised the exercise price on 2,530,000 issued in October 2022 and initially exercisable at \$0.18 for 2 years to an exercise price of \$0.12.