

**STAKEHOLDER GOLD CORP. NOTICE TO SHAREHOLDERS FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2022**

**Responsibility for Consolidated Financial Statements**

The accompanying interim condensed financial statements for Stakeholder Gold Corp. for the nine months ended September 30, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial reporting (see note 1 to the interim condensed financial statements). Recognizing that the company is responsible for both the integrity and objectivity of the interim condensed financial statements, management is satisfied that these interim condensed financial statements have been fairly presented. These financial statements are prepared in compliance with *IAS 34 – interim financial reporting*.

**Auditors Involvement**

MNP LLP, Chartered Accountants, the external auditors of Stakeholder Gold Corp., have not audited or performed review procedures applicable to auditor review of interim financial statements as at the end of the nine-month periods September 30, 2022 and 2021.

(signed)

*"Christopher J. Berlet"*

Christopher J. Berlet  
Chief Executive Officer

Toronto, Canada  
November 29, 2022

(signed)

*"Artie Hao Li"*

Artie Hao Li  
Chief Financial Officer

**Stakeholder Gold Corp.**  
**Interim Condensed Statements of Financial Position**

	<b>September 30, 2022</b>	December 31, 2021
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 9)	\$ 115,359	\$ 366,616
Inventory	588,678	143,846
Receivables	419,974	415,663
Prepaid expenses	141,655	30,343
Total current assets	1,265,666	956,468
Property Plant and Equipment	1,296,699	1,204,719
Accumulated Depreciation	(112,312)	(42,196)
Total Assets	\$ 2,450,053	\$ 2,118,991
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and Other Payables	101,074	538,427
Total current liabilities	\$ 101,074	\$ 538,427
Asset retirement obligations	135,031	120,991
Total liabilities	236,105	659,418
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 12)	14,061,287	13,693,987
Contributed Surplus	3,340,776	3,508,076
Accumulated other comprehensive income	54,303	(38,233)
Accumulated deficit	(15,242,418)	(15,704,257)
Total Shareholders' Equity	2,213,948	1,459,573
Total Liabilities and Shareholders' Equity	\$ 2,450,053	\$ 2,118,991

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

**Stakeholder Gold Corp.**  
**Interim Condensed Statements of Comprehensive Loss**

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Sales</b>				
Sale of extracted materials	\$ 698,108	\$ 917,117	\$ 1,953,500	\$ 2,257,899
Cost of Goods Sold	(102,350)	(189,048)	(298,845)	(487,912)
<b>Gross Margin</b>	595,758	728,069	1,654,655	1,769,987
<b>Expenses</b>				
Management and consulting	\$ 181,000	\$ 279,500	\$ 471,792	493,500
Investor and shareholder relations	18,209	83,695	76,839	114,561
Professional fees	17,438	18,324	67,111	38,378
Office expenses	52,489	102,612	216,712	137,750
Sales expenses	141,065	192,417	348,986	425,682
Exploration expenses	12,800	69,836	12,800	148,237
Stock based compensation	-	-	-	-
Foreign Exchange	(64,136)	7,773	(65,753)	17,818
Accretion Expense	-	-	-	-
Depreciation	21,961	2,373	64,329	6,270
Write off and Forgiven Payables	-	-	-	-
<b>Total operating expense</b>	380,826	756,530	1,192,816	1,382,196
Income (loss) before interest income	\$ 214,932	(28,460)	\$ 461,839	\$ 387,791
<b>Net Income (loss)</b>	214,932	(28,460)	461,839	387,791
Currency translation difference	\$ 66,604	\$ (26,521)	\$ 92,536	\$ 1,181
<b>Comprehensive Income (loss)</b>	\$ 281,536	\$ (54,981)	\$ 554,375	\$ 386,610
<b>Average weighted shares outstanding</b>	13,008,434	11,519,412	12,796,397	11,519,412
<b>Basic and diluted earnings (loss) per share</b>	0.02	0.01	0.04	0.03

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

**Stakeholder Gold Corp.**  
**Interim Condensed Statement of Equity**  
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	AOCI	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2020</b>	<b>11,151,912</b>	<b>12,326,821</b>	<b>3,572,942</b>	<b>(3,376)</b>	<b>(15,774,402)</b>	<b>121,985</b>
Warrant exercise	685,000	638,372	(90,372)	-	-	548,000
Cumulative translation adjustment	-	-	-	(1,181)	-	(1,181)
Net income (loss) for the period	-	-	-	-	387,791	387,791
<b>Balance, September 30, 2021</b>	<b>11,836,912</b>	<b>12,965,193</b>	<b>3,482,570</b>	<b>(4,557)</b>	<b>(15,386,611)</b>	<b>1,056,595</b>
Warrant Exercise (note 14)	777,500	728,794	(106,794)	-	-	622,000
Grant of Options (note 13)	-	-	132,300	-	-	132,300
Cumulative translation adjustment	-	-	-	(33,676)	-	(33,676)
Net income for the year	-	-	-	-	(317,646)	(317,646)
<b>Balance, December 31, 2021</b>	<b>12,614,412</b>	<b>13,693,987</b>	<b>3,508,076</b>	<b>(38,233)</b>	<b>(15,704,257)</b>	<b>1,459,573</b>
Option exercise	500,000	367,300	(167,300)	-	-	200,000
Grant of options	-	-	-	-	-	-
Currency translation adjustment	-	-	-	92,536	-	92,536
Net (loss) for the period	-	-	-	-	461,839	461,839
<b>Balance, September 30, 2022</b>	<b>13,114,412</b>	<b>14,061,287</b>	<b>3,340,776</b>	<b>54,303</b>	<b>(15,242,418)</b>	<b>2,213,948</b>

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

**Stakeholder Gold Corp.****Interim Condensed Statements of Cash Flows**

(Unaudited)

For the Nine Months Ended September 30,	2022	2021
<b>Cash flow from operating activities</b>		
Net income for the period (loss)	\$ 461,839	\$ 387,791
Adjustments to reconcile loss to net cash in operating activities		
Depreciation	64,329	6,270
Shares issued for property	---	---
Share based payments	---	---
Shares issued for services	---	---
	\$ 526,168	\$ 394,061
<b>Changes in non-cash working capital</b>		
Changes in inventory	(444,831)	-
Receivables and prepaid expenses	(115,623)	(142,012)
Accounts payable and accrued liabilities	(437,353)	258,767
<b>Net cash used in operating activities</b>	\$ (471,639)	\$ 510,816
<b>Cash flow from investing activities</b>		
Cash acquired on acquisition of VMC	-	-
Cost of building purchase	-	(725,000)
Cost of quarry expense	-	-
Cost of equipment purchase	(40,449)	(161,417)
<b>Net cash provided by investing activities</b>	\$ (40,449)	\$ (886,417)
<b>Cash flow from financing activity</b>		
Proceeds from warrant exercise	200,000	548,000
<b>Net cash provided by financing activity</b>	\$ 200,000	\$ 548,000
<b>Impact of foreign exchange on cash</b>	60,831	(1,180)
<b>Increase (decrease) in cash and cash equivalents</b>	(251,257)	171,219
<b>Cash and cash equivalents, beginning of period</b>	\$ 366,616	\$ 197,068
<b>Cash and cash equivalents, end of period</b>	\$ 115,359	\$ 368,287

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

## **STAKEHOLDER GOLD CORP.**

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

September 30, 2022

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## **1. Nature of operations and going concern**

### **Nature of Business**

Stakeholder Gold Corp. (the “Company” or “Stakeholder”) was incorporated under the Canada Business Corporation Act and carries on business in one segment, being the identification, acquisition and exploration of properties for mining of precious and base metals. The Company is listed on the TSX Venture Exchange, having the symbol SRC.V. The address of the Company’s head office is 607 – 130 Queens Quay E. Toronto, ON M5A3Y5.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

### **Going Concern**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these financial statements.

The Company reported a net income of \$461,839 and negative cash flow from operations of \$471,639. On September 30, 2022, the Company had a positive working capital of \$1,164,592. There is uncertainty as to whether the Company will be able to meet its committed exploration expenditures for its exploration and evaluation assets and to meet its corporate administrative expenses for the next 12 months without additional financing.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of historical operating losses, the Company’s continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future.

These circumstances create material uncertainty that indicates significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if stakeholder were unable to continue as a going concern and was required to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

### **COVID-19**

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which had a significant impact on businesses through restrictions put in place by the Canadian federal, provincial, and municipal governments regarding travel, business operations, and isolations/quarantine orders. While Stakeholder has not yet experienced any material impact on its ability to conduct operations, it is unknown the extent of the future impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause

## **STAKEHOLDER GOLD CORP.**

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

September 30, 2022

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#### **1. Nature of operations and going concern (cont'd)**

reduced customer demand, supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact Stakeholder's business and financial condition.

#### **Transition to Commercial Production**

Management has determined that the VMC Blue Quartzite Project was in the pre-commercial production stage at the end of December 31, 2020. Consistent with previous quarters, during this pre-commercial production period, costs associated with the projects, before they are operating in the way intended by management, are expensed as evaluation expenses. Commercial production is deemed to have occurred when the project produces positive cashflows.

The Company reached commercial production with an effective date of January 5, 2021.

#### **2. Basis of presentation**

These consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

These consolidated financial statements were authorized for issue by the Board of Directors on August 17, 2022.

#### **3. Significant accounting policies**

The accounting principles followed in preparing the financial statements are as follows:

##### **Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for items carried at fair value.

##### **Revenue Recognition**

The Company's revenue consists of quartzite sales from its VMC Blue Quartzite Project located in Brazil. The Company follows IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to recognize revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The following steps are used to determine whether, how much and when revenue is recognized:

- Identify the contract with the customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligation in the contract; and
- Recognize revenue when or as the Company satisfies a performance obligation.

IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer. Revenue from the sale of blue quartzite is recognized at a point in time when control over the goods has been transferred to the customer when the product is shipped. The sales price is determined based on the dimension of the product sold.

IFRS 15 requires entities to apportion the transaction price attributable to contracts from customers to distinct performance obligations on a relative standalone selling price basis. In accordance with the terms of the sales orders, all performance obligations are met when the products are shipped and control of the goods have been transferred to the customer.

### **3. Significant accounting policies (cont'd)**

#### **Foreign currency transactions**

The consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of Stakeholder and VMC Corp. The Brazilian real is the functional currency of VMC Brazil.

The Company recognizes transactions in currencies other than the functional currency (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of income (loss) and comprehensive income (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Where the functional currency differs from the presentation currency, assets and liabilities are translated from the functional currency to the presentation currency at the closing rate at the end of the reporting period and income and expenses are translated at the exchange rates at the dates of the transactions. All resulting exchange differences are recognized in comprehensive income (loss) and accumulated as a separate component of equity.

#### **Inventory**

The Company values its Quartzite inventory at the lower of cost, determined on a weighted average basis, and net realizable value. Net realizable value is defined as the expected selling price in the ordinary course of business minus the cost of sell.

#### **Financial Instruments**

##### *Financial assets*

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") – This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year.

Amortized cost – This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Financial assets at fair value through other comprehensive income – Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial assets, other than those at FVTPL, are subject to review for impairment at each reporting date.

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 financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of income (loss) and



### **3. Significant accounting policies (cont'd)**

#### **Financial Instruments (cont'd)**

comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### *Financial Liabilities*

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period.

The Company's financial instruments are classified as follows:

<b>Financial Instrument</b>	<b>Classification</b>
<b>Assets</b>	
Cash	Amortized cost
Receivables	Amortized cost
<b>Liabilities</b>	
Accounts payable and accrued liabilities	Amortized cost

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the consolidated statements of income (loss) and comprehensive income (loss).

#### **Exploration and Evaluation Activities**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

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.

Although the Company has taken steps to verify the title to mineral properties 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.

#### **Property Plant and Equipment**

Property and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Property and equipment are amortized over their estimated useful life at the following rates and methods:

Building	40 years	Straight – Line Method
Vehicles	3-10 years	Straight – Line Method
Mining Equipment	10 years	Straight – Line Method
Machinery	10 years	Straight – Line Method
Quarry Asset	10 years	Straight – Line Method

### **3. Significant accounting policies (cont'd)**

#### **Property Plant and Equipment (cont'd)**

The Company prorates depreciation for acquisitions made during the year. The depreciation method, useful life and residual values are assessed annually.

When an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property or equipment. Expenditures incurred to replace a component of an item of property, plant or equipment that is accounted for separately are capitalized.

#### **Share capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Equity instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

#### **Flow-through shares**

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a corresponding premium amount into other income. A deferred tax liability for the amount of tax reduction renounced to the shareholders is recognized on a retrospective basis.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### **Share Based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on grant date.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

## **STAKEHOLDER GOLD CORP.**

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

September 30, 2022

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## **3. Significant accounting policies (cont'd)**

### **Share Based Payments (cont'd)**

All equity-settled share-based payments are reflected in Reserve – Share based payments, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in Reserve – Share based payments is credited to share capital for any consideration paid.

### **Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in a provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. At each statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation.

#### *Rehabilitation Provisions*

A legal or constructive obligation to incur rehabilitation provisions may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

### **Basic and diluted loss per share**

Basic loss per share is calculated by dividing net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments are converted during the year.

### **Critical accounting estimates and judgments**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### *Judgments*

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

## STAKEHOLDER GOLD CORP.

### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

September 30, 2022

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## 3. Significant accounting policies (cont'd)

### Critical accounting estimates and judgments (cont'd)

#### *Going concern*

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. The factors considered by management are disclosed in Note 1.

#### *Commercial Production*

The determination of the date on which a quarry or mine enters the commercial production stage is a significant judgement since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production. As a quarry or mine is constructed, certain costs incurred are capitalized and proceeds from sales are offset against the capitalized costs. This continues until the quarry or mine is available for use in the manner intended by management, which requires significant judgement.

#### *Estimates*

The effect of a change in an accounting estimate is recognized prospectively by including it in the consolidated statements of income (loss) and comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Provisions and contingencies*

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined, or additional information is acquired.

#### *Share-based compensation and share purchase warrants*

The Company makes certain estimates and assumptions when calculating the fair values of share-based compensation granted. The significant estimations and assumptions include expected volatility, expected life, expected dividend rate and risk-free rate of return.

#### *Business combinations*

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non- controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non- controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net loss. If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income loss. The Company does not currently have any goodwill.

## **STAKEHOLDER GOLD CORP.**

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

September 30, 2022

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## **3. Significant accounting policies (cont'd)**

### **Critical accounting estimates and judgments (cont'd)**

#### *Inventory*

Inventory costing is completed through a weighted average approach. All relevant costs associated with extracting the blocks from the ground are added and total costs are divided by the total number of cubic meters produced during the year. Then when customers purchase or a cost has to be determined at the end of a reporting period, an estimate is made using the weighted average costs prorated by the quantity of cubic meters of blocks sold or remaining on hand.

## **4. Capital risk management**

Stakeholder manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. 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 to 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 as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Stakeholder will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the period ended September 30, 2022. Stakeholder is not subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has minimal external debt and is dependent on the capital markets to finance exploration and development activities.

## **5. Financial instruments and risk management**

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

### **General objectives, policies, and processes:**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

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**5. Financial instruments and risk management (cont'd)****General objectives, policies, and processes (cont'd)***Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk and commodity price risk.

*Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any interest-bearing borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian and Brazilian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates could impact any renewals or extensions of term deposits; this would have no significant impact on the Company's net loss due to the immateriality of the interest earned.

*Commodity price risk*

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of quartzite. The Company closely monitors these prices to determine the appropriate course of action to be taken.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

At September 30, 2022, Stakeholder had a cash balance of \$115,359 (2021 - \$368,287) and current liabilities of \$101,074 (2021 - \$399,607). As outlined in Note 1, the Company will be required to obtain additional financing for working capital and continued exploration and development of its properties.

As of September 30, 2022 and 2021, all of the Company's financial liabilities are due within one year.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash is minimized by depositing with only reputable financial institutions. There is also concentration of credit risk. Management has reviewed the receivable balances and determined that the balances are collectible; accordingly, there has been no expected credit losses recorded.

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**6. Property, Plant, and Equipment**

Below is a summary of the Company's Property Plant and Equipment.

	<b>Vehicles</b>	<b>Mining Equipment</b>	<b>Building</b>	<b>Mining Quarry</b>	<b>Total</b>
<b>Cost:</b>					
<b>At January 1, 2021</b>	-	-	-	-	-
Additions	119,864	206,663	764,223	123,651	1,214,401
Effect of Foreign Exchange	(2,578)	(4,444)	-	(\$2,660)	(9,682)
<b>At December 31, 2021</b>	<b>\$117,286</b>	<b>\$202,219</b>	<b>\$764,223</b>	<b>\$120,991</b>	<b>\$1,204,719</b>
Additions (Disposals)	-	40,448	-	-	40,448
Effect of Foreign Exchange	13,610	23,881	-	14,040	51,532
<b>At September 30, 2022</b>	<b>\$130,896</b>	<b>\$266,548</b>	<b>\$764,223</b>	<b>\$135,031</b>	<b>\$1,296,699</b>
<b>Accumulated Depreciation</b>					
<b>At January 1, 2021</b>	-	-	-	-	-
Depreciation expense	11,204	16,692	-	15,228	43,124
Effect of Foreign Exchange	(241)	(359)	-	(328)	(928)
<b>At December 31, 2021</b>	<b>\$10,963</b>	<b>\$16,333</b>	-	<b>\$14,900</b>	<b>\$42,196</b>
Additions (Disposals)	15,215	38,046	-	11,069	64,329
Effect of Foreign Exchange	1,482	2,422	-	1,883	5,787
<b>At September 30, 2022</b>	<b>\$27,660</b>	<b>\$56,801</b>	-	<b>\$27,851</b>	<b>\$112,312</b>
<b>Net Book Value:</b>					
<b>At December 31, 2021</b>	<b>\$106,323</b>	<b>\$185,886</b>	<b>\$764,223</b>	<b>\$106,091</b>	<b>\$1,162,523</b>
<b>At September 30, 2022</b>	<b>\$103,236</b>	<b>\$209,748</b>	<b>\$764,223</b>	<b>\$107,180</b>	<b>\$1,184,387</b>

**7. Asset Retirement Obligation**

During the year ended December 31, 2021, the Company revised its estimated future decommissioning obligations on its quarry assets and recognized a liability of \$120,991 which has been capitalized against the respective quarry asset. The total undiscounted amount as at September 30, 2022 is \$531,829 Brazilian reais (CAD \$135,031) and was determined with the following assumptions: Expected payment date(s) – 2031 to 2032; inflation – 4.921%; discount rate – 4.37%.

	<b>2022</b>
	<b>\$</b>
Balance, September 30, 2021	-
Change in estimated asset retirement obligations	120,991
<b>Balance, December 31, 2021</b>	<b>120,991</b>
Effects of Foreign Exchange	14,040
<b>Balance September 30, 2022</b>	<b>135,031</b>

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**8. Acquisition of VMC**

On July 30, 2020, Stakeholder executed a business combination agreement (the “Transaction”) with Victoria Mining Corporation (“VMC”) pursuant to which VMC issued 1,278,125 common shares in exchange for all of the issued and outstanding shares of VMC.

After evaluating all the facts surrounding this Transaction in accordance with the principles in IFRS 3, Business combinations, it was determined that VMC did not meet the definition of a business. Accordingly, the Transaction was accounted for as an asset acquisition in accordance with IFRS 2, Share based payments.

The allocation of the purchase price to the net assets acquired is as follows:

<b>Purchase Price</b>	<b>Quantity</b>	<b>Amount</b>
Common shares issued	1,278,125	\$ 562,375
<b>Total Purchase Price</b>		<b>\$ 562,375</b>
<b>Net Assets Acquired</b>		
Cash		\$ 19,652
Receivables and prepaids		69,604
Exploration asset (i)		483,119
Accounts payable and accrued liabilities		(10,000)
		<b>\$ 562,375</b>

- (i) the exploration asset is expensed in accordance with the Company’s accounting policy for exploration and evaluation expenditures.

**9. Cash**

Cash at banks and on hand earn interest at floating interest rates based on daily deposit rates.

**10. Exploration and evaluation assets****Ballarat Property**

The Ballarat exploration project is wholly owned by the Company and is located in the White Gold District of the Yukon Territory. The property consists of 356 claims comprising of 7,200 hectares and is located upstream of the Ballarat Creek placer mining operations.

Due to the inconclusive results of the 2016 project and management's focus on the Mountain View project (see Goldstorm Property) management has halted exploration on the property.

**VMC Blue Quartzite Project**

The VMC Blue Quartzite project was acquired with the acquisition of VMC (note 8). The Project is wholly owned by the Company and located in Minas Gerais, Brazil. The Company currently owns the surface rights to extract quartzite materials on roughly 600 hectares of area.

All productions are subject to a 10% royalty calculated based on the sales price of all materials produced. The 10% royalty is payable to the owner of the land. At the Company’s discretion, it can choose to buy back the 10% royalty from the landowner in accordance with the following schedule:

Within 1 year since the start of production	600,000	Brazilian Reals
Within 2 year since the start of production	1,500,000	Brazilian Reals
Within 3 year since the start of production	2,000,000	Brazilian Reals
Within 4 year or more since the start of production	3,000,000	Brazilian Reals



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**10. Exploration and evaluation assets (cont'd)**

	<b>Ballarat</b>		<b>VMC</b>	
<b>Cumulative exploration costs on December 31, 2020</b>		<b>781,891</b>		<b>495,744</b>
Expenditures		-		148,237
<b>Cumulative exploration costs on September 30, 2021</b>	<b>\$</b>	<b>781,891</b>	<b>\$</b>	<b>643,981</b>
Expenditures (reclass)		30,660		(105,290)
<b>Cumulative exploration costs on December 31, 2021</b>	<b>\$</b>	<b>812,551</b>	<b>\$</b>	<b>538,691</b>
<b>Cumulative exploration costs on September 30, 2022</b>	<b>\$</b>	<b>812,551</b>	<b>\$</b>	<b>538,691</b>

**11. Related party transactions and balances**

- (a) As on September 30, 2022, the Company owes Maru Energy Ltd, a corporation with a common director \$4,166 (2021 - \$4,166) which is included in accounts payable and accrued liabilities.
- (b) As on September 30, 2022, Full Circle Energy Ltd, a subsidiary of Canuc, is owed \$1,000 (2021 - \$1,000) which is included in accounts payable and accrued liabilities.
- (c) As on September 30, 2022, Environmental Tailings Corporation, a corporation with a common director owes \$132,935 (2021 - \$Nil). The Company lent cash in the current year which is non-interest bearing and can be repaid at any time. This is included within the receivables on the consolidated statement of financial position at year-end.

The remuneration of directors and key management of the Company was as follows for periods ended September 30, included in the 2022. Remuneration for the nine months ended September 30, 2022:

	<b>2022</b>		<b>2021</b>	
Remuneration	\$	471,792	\$	493,500
Share based payments		-		-
	\$	471,792	\$	493,500

Stakeholder entered into the following transactions with related parties:

		<b>2022</b>		<b>2021</b>	
Maru Energy	(ii)	<b>4,166</b>		4,166	
Full Circle Energy	(iii)	<b>1,000</b>		1,000	
Environmental Tailings Corporation	(iv)	<b>132,935</b>	\$	-	

**12. Share capital****a) Shares Authorized**

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

**STAKEHOLDER GOLD CORP.****NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

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**12. Share capital (cont'd)**

<b>b) Common shares issued</b>	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, December 31, 2020</b>	<b>11,151,912</b>	<b>\$12,326,821</b>
Warrant exercise	685,000	638,372
<b>Balance, September 30, 2021</b>	<b>11,836,912</b>	<b>\$12,965,193</b>
Warrant exercise	777,500	728,794
<b>Balance, December 31, 2021</b>	<b>12,614,412</b>	<b>\$13,693,987</b>
Option exercise	500,000	367,300
<b>Balance, September 30, 2022</b>	<b>13,114,412</b>	<b>\$14,061,287</b>

On September 4, 2020, Stakeholder effected a consolidation of all outstanding common shares based on one (1) new post-consolidation common share for every eight (8) pre-consolidation common shares. As a result of the Consolidation, the Company's outstanding 52,415,662 common shares at the time were reduced to 6,551,957 common shares. No fractional shares of the Corporation were issued, and any fractional shares resulting from the consolidation were deemed to have been tendered for cancellation by the registered owner. All stock options and warrants outstanding as of September 4, 2020 have been adjusted in accordance with the consolidation ratio.

All prior comparative figures presented within these consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

- (i) On July 30, 2020, Stakeholder issued 1,278,125 common shares valued at \$562,375 to acquire VMC (see note 8).
- (ii) On October 15, 2020, the Company closed a non-brokered private placement with proceeds of \$736,000 comprised of 4,600,000 common shares (see note 12).

**13. Share-based payments**

The stock option plan of the Company established on January 4, 2017, provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to 5 years from the date of the grant.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding, December 31, 2020</b>	<b>500,000</b>	<b>\$0.40</b>
<b>Outstanding, September 30, 2021</b>	<b>500,000</b>	<b>\$0.40</b>
Issued	500,000	\$0.40
Expired	(125,000)	2.56
<b>Outstanding, December 31, 2021</b>	<b>500,000</b>	<b>\$0.40</b>
Exercised	500,000	\$0.40
<b>Outstanding, September 30, 2022</b>	<b>-</b>	<b>\$ -</b>

**STAKEHOLDER GOLD CORP.****NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

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**13. Share-based payments (cont'd)**

On November 13, 2020, the Company issued 500,000 stock options to a director and officer of the Company which are exercisable at \$0.40 per share for a period of three years. The options vested when the gross revenue of VMC reached \$400,000 for a consecutive three-month period. The options were valued at \$167,300 using the Black Scholes option pricing model and the following assumptions: share price: \$0.40; exercise price: \$0.40; expected life: 3 years; dividend Yield: 0%; risk-free rate: 0.3%, annualized volatility: 160%. During the year ended December 31, 2020, the Company recognized \$35,000 of share-based compensation expense related to these options.

A summary of the Company's stock option activity for the nine-month period ended September 30, 2022 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Number of options vested (exercisable)</b>
N/A	Nil	Nil	Nil	Nil

**14. Warrants**

The Company has warrants outstanding entitling the holder to purchase one common stock with each warrant exercisable per the terms below:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2020</b>	<b>2,275,000</b>	<b>\$0.80</b>
Exercised	(687,500)	\$0.80
Expired	(685,000)	\$0.80
<b>Balance, September 30, 2021</b>	<b>902,500</b>	<b>\$0.80</b>
Exercised	(487,500)	\$0.80
Expired	(1,412,500)	\$0.80
<b>Balance, December 31, 2021</b>	<b>-</b>	<b>-</b>
<b>Balance, September 30, 2022</b>	<b>-</b>	<b>-</b>

**15. Segment Information**

The Company is engaged in the exploration and evaluation of properties for the mining of precious and base metals and the extraction of exotic quartzite. The Company does not have formal operating segments. The corporate office operates to support the Company's projects. As of September 30, 2022, the projects are located in Canada and Brazil.

A geographic breakdown of assets by segment follows:

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Stakeholder and VMC Canada	\$ 1,410,325	\$ 1,098,081
VMC Brazil	\$ 1,039,728	\$ 358,121
	<b>\$ 2,138,044</b>	<b>\$ 1,456,202</b>