

Sitka Gold Corp.
Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
(Expressed in Canadian dollars)
(Unaudited - Prepared by Management)

SITKA GOLD CORP.
UNAUDITED FINANCIAL STATEMENTS

NOTICE TO READER
OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The interim financial statements of Sitka Gold Corp as of June 30, 2023 are the responsibilities of the Company's management.

These financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

"Corwin Coe"

Corwin Coe
CEO, Director

" Donald Penner"

Donald Penner
Director

Sitka Gold Corp.
Consolidated Statements of Financial Position
(Unaudited, Expressed in Canadian Dollars)

As at	June 30, 2023	December 31, 2022 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	1,451,499	4,521,059
Prepays (Note 5)	173,413	138,720
GST receivable	62,104	51,931
	<u>1,687,016</u>	<u>4,711,710</u>
Non- Current Assets		
Exploration and evaluation assets (Note 6)	18,052,054	16,055,271
Reclamation bond (Note 6)	62,264	60,566
	<u>19,801,334</u>	<u>20,827,547</u>
LIABILITIES		
Current liability		
Accounts payable and accrued liabilities	5,288	137,570
Due to related parties (Note 8)	47,250	791,210
Flow-through share premium liabilities (Note 7)	239,841	239,841
	<u>292,379</u>	<u>1,168,621</u>
Non-Current Liabilities		
Deferred tax liabilities	1,793,824	1,793,824
	<u>2,086,203</u>	<u>2,962,445</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	22,333,179	22,064,479
Reserve	2,198,541	2,116,860
Deficit	(6,816,589)	(6,316,237)
	<u>17,715,131</u>	<u>17,865,102</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>19,801,334</u>	<u>20,827,547</u>

Nature and continuance of operations (Note 1)

Commitments (Note 6)

APPROVED ON BEHALF OF THE BOARD

"Corwin Coe"

Corwin Coe, Director

"Donald Penner"

Donald Penner, Director

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

Sitka Gold Corp**Consolidated Statements of Comprehensive Loss**

(Unaudited, Expressed in Canadian Dollars)

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	\$	\$	\$	\$
EXPENSES				
Administration expenses	48,026	102,109	59,698	88,044
Listing and filing fees	6,097	9,163	5,817	8,027
Investor relations	79,044	251,822	56,512	108,577
Professional fees	27,706	34,746	12,376	15,529
Payroll	-	-	7,234	14,464
Share-based payments (Note 7)	-	81,681	35,461	315,010
Travel and accomodation	19,093	75,408	50,514	51,532
LOSS BEFORE OTHER ITEMS	(179,966)	(554,929)	(227,612)	(601,183)
OTHER ITEMS				
Foreign exchange gain (loss)	(1,064)	(2,789)	(849)	(3,447)
Interest and other income	24,125	57,366	3,751	5,953
	23,061	54,577	2,902	2,506
NET LOSS AND COMPREHENSIVE LOSS	(156,905)	(500,352)	(224,710)	(598,677)
Basic and diluted loss per share	\$ (0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares (basic and diluted)	184,733,000	184,259,198	134,833,569	131,402,801

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

Sitka Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, Expressed in Canadian Dollars)

	Common Shares Outstanding	Share Capital \$	Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance, December 31, 2021	127,972,032	14,948,653	1,768,597	(4,553,336)	12,163,914
Share-based payments	-	-	315,010	-	315,010
Shares issuance for cash, net of fees	29,193,589	4,336,473	63,275	-	4,399,748
Shares issuance for option agreements	100,000	15,000	-	-	15,000
Shares issuance on warrants exercised	113,000	15,820	-	-	15,820
Loss for the period	-	-	-	(598,677)	(598,677)
Balance, June 30, 2022	157,378,621	19,315,946	2,146,882	(5,152,013)	16,310,815
Shares issuance for cash, net of fees	23,461,182	3,183,695	19,589	-	3,203,284
Share-based payments adjustment	-	-	(49,611)	-	(49,611)
Flow-through share premium	-	(918,489)	-	-	(918,489)
Tax effect on share issuance costs	-	133,368	-	-	133,368
Shares issuance on warrants exercised	1,251,440	200,459	-	-	200,459
Shares issuance for option agreements	1,200,000	149,500	-	-	149,500
Loss for the period	-	-	-	(1,164,224)	(1,164,224)
Balance, December 31, 2022	183,291,243	22,064,479	2,116,860	(6,316,237)	17,865,102
Shares issuance for option agreements	1,113,041	128,700	-	-	128,700
Shares issuance on warrants exercised	1,000,000	140,000	-	-	140,000
Share-based payments	-	-	81,681	-	81,681
Loss for the period	-	-	-	(500,352)	(500,352)
Balance, June 30, 2023	185,404,284	22,333,179	2,198,541	(6,816,589)	17,715,131

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

Sitka Gold Corp.**Consolidated Statements of Cash Flows****(Unaudited, Expressed in Canadian dollars)**

	Six Months ended June 30, 2023	Six Months ended June 30, 2022
	\$	\$
Cash flows from operating activities		
Loss for the period	(500,352)	(598,677)
Items not affecting cash		
Share-based payments	81,681	315,010
Change in non-cash working capital		
Accounts receivable	-	(28,579)
Prepaid	(34,693)	(177,675)
GST receivable	(10,173)	(157,758)
Accounts payable and accrued liabilities	(132,282)	369,813
Due to related parties	(773,960)	(70,635)
	<u>(1,369,779)</u>	<u>(348,501)</u>
Cash flows from investing activities		
Exploration and evaluation assets	(1,838,083)	(2,684,618)
Reclamation bond	(1,698)	(2,212)
	<u>(1,839,781)</u>	<u>(2,686,830)</u>
Cash flows from financing activities		
Cash payments received from issuance of shares	140,000	3,539,866
	<u>140,000</u>	<u>3,539,866</u>
Increase (decrease) in cash and cash equivalents	(3,069,560)	504,535
Cash and cash equivalents , beginning	4,521,059	5,269,198
Cash and cash equivalents , ending	<u>1,451,499</u>	<u>5,773,733</u>
Components of cash and cash equivalents:		
Cash	425,849	1,268,732
Guaranteed investment certificates	1,025,650	4,505,001
	<u>1,451,499</u>	<u>5,773,733</u>
Non-cash investing activities	\$	\$
Shares issued for exploration and evaluation assets	128,700	15,000
Exploration and evaluation expenditures		
In accounts payable and accrued liabilities	30,000	875,702

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

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

1. Nature and continuance of operations

Sitka Gold Corp. (the "Company"), was incorporated on January 13, 2015 under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in Nunavut Canada, Nevada USA and Arizona USA and Yukon Canada.

The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the symbol "SIG".

The Company's registered office and principal place of business is Suite 1500, 409 Granville Street, Vancouver, British Columbia, Canada.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements for the quarter ended June 30, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The consolidated financial statements were authorized for issuance on August 24, 2023 by the directors of the Company.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is also the Company's functional currency.

(c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Arctic Copper Corp. and Sitka Gold (US) Corp. The controlled entity is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. All intercompany transactions and balances have been eliminated upon consolidation.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

2. Basis of preparation (continued)

(d) Significant estimates and assumptions

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

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the measurements for financial instrument, the recoverability of deferred tax assets and the measurement of Flow-through share premium liabilities.

The preparation of financial statements in accordance with IFRS required the Company to make judgements, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and whether there are indicators of impairment of the company's exploration and evaluation asset.

(a) Exploration and evaluation assets

Exploration costs incurred prior to the Company obtaining the legal right to explore an area are expensed in the period in which they are incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation costs are capitalized. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(b) Impairment of non-financial assets

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

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

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

(c) Income taxes

Current income tax:

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

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

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(d) Foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

The functional and presentation currency, as determined by management, of the Company and its subsidiary is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(e) Share Capital

Financial 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, share warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

(f) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. 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 expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

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 qualifying expenditures are incurred.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalent is measured at FVTPL. Receivables are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables are classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability and modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(h) Share-based payments

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

(i) Asset retirement obligation

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises 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 value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted 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.

(j) Accounting Standards and Interpretations Issued but Not Yet Adopted

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

4. Cash and cash equivalents

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash	\$425,849	\$1,268,732
Cash equivalents	1,025,650	4,505,001
Total	<u>\$1,451,499</u>	<u>\$5,773,733</u>

The Company's cash equivalents consist of Guaranteed Investment Certificates (GIC) which can be redeemed at any time. As at June 30, 2023, the GIC bears variable interest at 3.95% (2022 – 0.75%) per annum.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

5. Prepaids

During the quarter ended June 30, 2023, the Company made prepayments for exploration costs, administration fees and market consultation services. The balance of prepaids is as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Prepaids	\$85,475	\$169,943
Deposits	87,938	168,521
Total	<u>\$173,413</u>	<u>\$338,464</u>

6. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets is as follows:

	Coppermine River Property, Nunavut	Alpha Gold Property, Nevada	Burro Creek Property, Arizona	OGI Property, Yukon	RC Gold Properties, Yukon	Total
Balance, December 31, 2021	\$ 230,010	\$1,008,450	\$ 1,800,417	\$ 411,829	\$ 4,439,108	\$ 7,889,814
Claim fees and Staking costs	-	56,466	7,655	-	2,400	66,521
Geological and analytical costs	9,650	150,135	-	209,050	1,413,765	1,782,600
Drilling costs	-	489,525	-	-	2,720,060	3,209,585
Camp costs	-	886	-	-	1,948,059	1,948,945
Helicopter costs	-	-	-	-	14,381	14,381
Travel and accommodation	-	1,711	-	-	1,090	2,801
Transportation costs	-	6,489	-	-	182,330	188,819
Equipment and supplies	-	21,916	-	-	410,988	432,904
Total exploration costs	9,650	727,128	7,655	209,050	6,693,073	7,646,556
Acquisition costs	-	12,800	322,500	52,000	175,000	562,300
Yukon Government Incentive	-	-	-	-	(43,399)	(43,399)
Total 2022 additions	9,650	739,928	330,155	261,050	6,824,674	8,165,457
Balance, December 31, 2022	\$ 239,660	\$1,748,378	\$ 2,130,572	\$ 672,879	\$11,263,782	\$ 16,055,271
Geological and analytical costs	9,000	7,966	9,787	-	512,742	539,495
Drilling costs	-	-	-	-	489,719	489,719
Camp costs	-	-	-	-	480,073	480,073
Equipment and supplies	-	-	3,231	-	120,565	123,796
Total exploration costs	9,000	7,966	13,018	-	1,603,099	1,633,083
Acquisition costs	-	27,400	-	-	370,000	397,400
Yukon Government Incentive	-	-	-	-	(33,700)	(33,700)
Total 2023 additions	9,000	35,366	13,018	-	1,939,399	1,996,783
Balance, June 30, 2023	\$ 248,660	\$1,783,744	\$ 2,143,590	\$ 672,879	\$13,203,181	\$ 18,052,054

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

(a) *Coppermine River Property, Nunavut*

The Company has staked 45 mineral claims which form the Coppermine River Project in the northwest region of Nunavut.

(b) *Alpha Gold Property, Nevada, USA*

In January 2018, the Company entered into an agreement with Objective Exploration LLC, a company controlled by an officer of the company, to acquire 100% of Objective's interest in the Alpha Gold Property located in Eureka County, Nevada, subject to the following terms:

- (1) grant a 1.5% NSR with the right to purchase all of the NSR for US\$3,000,000;
- (2) starting May 7, 2019, pay US\$10,000 annually (paid), as an advance royalty until 2039 or until purchase of NSR;
- (3) pay US\$10,000 annually in cash or shares (paid) after 10,000 feet of drilling has been conducted on the property until 2039 or until purchase of the NSR;
- (4) pay an additional US\$20,000 annually in cash or shares after 50,000 feet of drilling has been conducted on the property until 2039 or until purchase of the NSR; and
- (5) pay all fees to file and maintain the property

As at June 30, 2023, the Company held a \$50,878 reclamation bond with the Bureau of Land Management in the State of Nevada to ensure the completion of future asset retirement obligations.

(c) *Burro Creek Property, Arizona, USA*

On September 17, 2018, the Company entered into an option agreement ("Option Agreement") with Coelton Ventures Ltd. ("Coelton") a company controlled by a director of the Company, to acquire a 100% interest in the Burro Creek Property located in Mohave County, Arizona, USA, by completing the following:

- (1) Within 30 days of the Company receiving conditional acceptance of this Option Agreement from the CSE making a payment of \$50,000 and issuing 500,000 common shares of the Company to Coelton (paid and issued);
- (2) Making a further cash payment of \$50,000 and a further share issuance of 500,000 common shares to Coelton (paid and issued) and completing a cumulative total of \$100,000 in expenditures (incurred) on the Property by September 17, 2019;
- (3) Making a further cash payment of \$150,000, a further share issuance of 500,000 common shares to Coelton (paid and issued) and completing a cumulative total of \$250,000 in expenditures (incurred) on the Property by September 17, 2020;
- (4) Making a further cash payment of \$200,000, a further share issuance of 500,000 common shares (paid and issued) to Coelton and completing a cumulative total of \$1,000,000 in expenditures (incurred) on the Property by September 17, 2021;
- (5) Making a further cash payment of \$250,000, a further share issuance of 500,000 common shares (paid and issued) to Coelton and completing a cumulative total of \$2,000,000 in expenditures on the Burro Creek Property by September 17, 2022 (Coelton agreed to waive the aggregate amount of expenditures due by September 17, 2022);

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Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

- (6) Making a further cash payment of \$300,000, a further share issuance of 500,000 common shares to Coelton and completing a cumulative total of \$3,000,000 in expenditures on the Burro Creek Property by September 17, 2023 (Coelton agreed to waive the aggregate amount of expenditures due by September 17, 2023);
- (7) Making a further share issuance of 1,000,000 Common Shares to Coelton and completing a cumulative total of \$4,000,000 in expenditures on the Burro Creek Property by September 17, 2024 (Coelton agreed to waive the aggregate amount of expenditures due by September 17, 2024);
- (8) Making a further share issuance of 1,000,000 common shares to Coelton and completing a cumulative total of \$4,000,000 in expenditures on the Burro Creek Property by September 17, 2025

(d) OGI Property, Yukon

In August 2020, the Company entered into an option agreement with Fox Exploration Limited ("Fox"), a company owned by a relative of an officer of the company, whereby the Company can acquire a 100% interest in the OGI Property located in Yukon's prolific Tombstone Gold Belt, subject to the following terms:

- (1) pay Fox \$225,000 in aggregate:
 - (i) \$10,000 within five days of approval date (paid);
 - (ii) \$15,000 on or before December 31, 2020 (paid);
 - (iii) \$20,000 on or before December 31, 2021 (paid);
 - (iv) \$30,000 on or before December 31, 2022 (paid);
 - (v) \$50,000 on or before December 31, 2023; and
 - (vi) \$100,000 on or before December 31, 2024.
- (2) incur Expenditures in the aggregate amount of not less than \$2,500,000 as follows:
 - (i) in the amount of \$100,000 on or before December 31, 2020 (incurred);
 - (ii) in the aggregate amount of \$200,000 on or before December 31, 2021 (incurred);
 - (iii) in the aggregate amount of \$500,000 on or before December 31, 2022 (incurred);
 - (iv) in the aggregate amount of \$1,250,000 on or before December 31, 2023; and
 - (v) in the aggregate amount of \$2,500,000 on or before December 31, 2024.
- (3) issue 1,000,000 Common Shares in aggregate to Fox as follows:
 - (i) 100,000 Common Shares within five days of approval date (issued);
 - (ii) an additional 100,000 Common Shares on or before December 31, 2020 (issued);
 - (iii) an additional 100,000 Common Shares on or before December 31, 2021 (issued);
 - (iv) an additional 200,000 Common Shares on or before December 31, 2022 (issued);
 - (v) an additional 200,000 Common Shares on or before December 31, 2023; and
 - (vi) an additional 300,000 Common Shares on or before December 31, 2024.

The Company must also issue a bonus of 500,000 shares if 1 million ounces of gold equivalent in any category is defined in a published NI 43-101 resource estimate. Fox also retains a 2% NSR on the OGI claims, half of which can be purchased for \$2,000,000.

The following properties are contiguous and comprise the RC Gold Properties which include the BEE and BOP, RC, Mahtin, Barney Ridge and Clear Creek properties:

(e) RC Gold Properties, Yukon

In July 2019, the Company entered into two separate option agreements to acquire two properties, BEE and BOP and RC property located in the Clear Creek district within the heart of the Yukon's Tintina Gold Belt and within the Tombstone Gold Belt as follows:

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

The Company entered the first option agreement with an optionor to acquire a 100% interest in the BEE and BOP Property subject to the following terms:

- (1) Pay William Mann \$100,000 in aggregate:
 - (i) \$2,500 within five business days of the Approval Date (paid);
 - (ii) \$2,500 on or before December 31, 2019 (paid);
 - (iii) \$5,000 on or before December 31, 2020 (paid);
 - (iv) \$10,000 on or before December 31, 2021 (paid);
 - (v) \$15,000 on or before December 31, 2022 (paid);
 - (vi) \$25,000, on or before December 31, 2023; and
 - (vii) \$40,000 on or before December 31, 2024.
- (2) incur expenditures in the aggregate amount of not less than \$630,000:
 - (i) in the amount of \$10,000 on or before December 31, 2019 (incurred);
 - (ii) in the aggregate amount of \$40,000 on or before December 31, 2020 (incurred);
 - (iii) in the aggregate amount of \$115,000 on or before December 31, 2021 (incurred);
 - (iv) in the aggregate amount of \$240,000 on or before December 31, 2022 (incurred);
 - (v) in the aggregate amount of \$430,000 on or before December 31, 2023; and
 - (vi) in the aggregate amount of \$630,000 on or before December 31, 2024.
- (3) issue 500,000 Common Shares in aggregate to William Mann:
 - (i) 50,000 Common Shares within five business days of the Approval Date (issued)
 - (ii) an additional 50,000 Common Shares on or before December 31, 2019 (issued);
 - (iii) an additional 50,000 Common Shares on or before December 31, 2020 (issued);
 - (iv) an additional 50,000 Common Shares on or before December 31, 2021 (issued);
 - (v) an additional 125,000 Common Shares on or before December 31, 2022 (issued); and
 - (vi) an additional 175,000 Common Shares on or before December 31, 2023.

The Company will pay the optionor additional bonus of \$250,000 in cash, shares or any combination thereof, at the Company's option, upon receiving a resource calculation of at least 1 million ounces of gold in any category within the RC Property. The BEE and BOP Property claims are subject to a 2% NSR, half of which can be purchased for \$2,000,000.

The Company entered the second option agreement with Fox Exploration Ltd. ("Fox"), a company owned by a relative of an officer of the company, to acquire a 100% interest in the RC Property subject to the following terms:

- (1) pay Fox Exploration Ltd. \$300,000 in aggregate:
 - (i) \$7,500 within five business days of the Approval Date (paid);
 - (ii) \$7,500 on or before December 31, 2019 (paid);
 - (iii) \$15,000 on or before December 31, 2020 (paid);
 - (iv) \$30,000 on or before December 31, 2021 (paid);
 - (v) \$45,000 on or before December 31, 2022 (paid);
 - (vi) \$75,000, on or before December 31, 2023; and
 - (vii) \$120,000 on or before December 31, 2024.
- (2) incur Expenditures in the aggregate amount of not less than \$1,870,000 as follows:
 - (i) in the amount of \$80,000 on or before December 31, 2019 (incurred);
 - (ii) in the aggregate amount of \$170,000 on or before December 31, 2020 (incurred);
 - (iii) in the aggregate amount of \$395,000 on or before December 31, 2021 (incurred);
 - (iv) in the aggregate amount of \$770,000 on or before December 31, 2022 (Fox agreed to waive the aggregate amount of expenditures due by December 31, 2022);
 - (v) in the aggregate amount of \$1,320,000 on or before December 31, 2023 (Fox agreed to waive the aggregate amount of expenditures due by December 31, 2023); and
 - (vi) in the aggregate amount of \$1,870,000 on or before December 31, 2024.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

- (3) issue 1,500,000 Common Shares in aggregate to Fox Exploration Ltd. as follows:
- (i) 150,000 Common Shares within five business days of the Approval Date (issued);
 - (ii) an additional 150,000 Common Shares on or before December 31, 2019 (issued);
 - (iii) an additional 150,000 Common Shares on or before December 31, 2020 (issued);
 - (iv) an additional 150,000 Common Shares on or before December 31, 2021 (issued);
 - (v) an additional 375,000 Common Shares on or before December 31, 2022 (issued); and
 - (vi) an additional 525,000 Common Shares on or before December 31, 2023.

The Company will pay Fox Exploration Ltd. an additional bonus of \$250,000 in cash, shares, or any combination thereof, at the Company's option, upon receiving a resource calculation of at least 1 million ounces of gold in any category within the RC Property. The RC Property Claims are subject to a 2% NSR, half of which can be purchased for \$2,000,000.

(f) *Mahtin Gold Property, Yukon*

In January 2020, the Company entered into an agreement with StrikePoint Gold Inc. to acquire a 100% interest in the Mahtin Gold Property located in Yukon territory subject to certain underlying agreements.

The purchase price for the Property is 2,000,000 common shares (issued). Underlying royalties at 3% NSR exist on the property and can be reduced to 2% by the purchase of 1% for \$1,000,000.

Bonus payments are payable to an underlying royalty holder if exploration expenditures for the Property Area reach \$7,500,000, \$15,000,000 or \$25,000,000, for an aggregate bonus payment of \$2,250,000 in respect of any property area, with \$750,000 payable on any one of these expenditure targets being met. Exploration expenditures on the property at the time of execution of this assignment and assumption agreement total \$1,868,988.

(g) *Barney Ridge Property, Yukon*

In June 2020, the Company entered into an option agreement with an optionor, to acquire a 100% interest in the Barney Ridge gold property.

The Company has the right to acquire a 100% interest in the Barney Ridge claims subject to the following terms:

- (1) pay Bernie Kreft \$150,000 in aggregate:
- (i) \$2,500 on signing (paid);
 - (ii) \$2,500 on December 15, 2020 (paid);
 - (iii) \$10,000 on June 26, 2021 (paid);
 - (iv) \$15,000 on June 26, 2022 (paid);
 - (v) \$20,000 on June 26, 2023 (paid);
 - (vi) \$40,000 on June 26, 2024; and
 - (vii) \$60,000 on June 26, 2025.
- (2) incur Expenditures in the aggregate amount of not less than \$850,000 as follows:
- (i) in the amount of \$60,000 by June 26, 2021 (incurred);
 - (ii) in the aggregate amount of \$140,000 by June 26, 2022 (incurred);
 - (iii) in the aggregate amount of \$220,000 by June 26, 2023 (incurred);
 - (iv) in the aggregate amount of \$300,000 by June 26, 2024; and
 - (v) in the aggregate amount of \$850,000 by June 26, 2025.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements
For the Quarter Ended June 30, 2023
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6. Exploration and evaluation assets (continued)

- (3) issue 500,000 Common Shares in aggregate to Bernie Kreft as follows:
 - (i) 50,000 Common Shares on signing (issued);
 - (ii) an additional 50,000 Common Shares on June 26, 2021 (issued);
 - (iii) an additional 50,000 Common Shares on June 26, 2022 (issued);
 - (iv) an additional 50,000 Common Shares on June 26, 2023 (issued);
 - (v) an additional 100,000 Common Shares on June 26, 2024; and
 - (vi) an additional 200,000 Common Shares on June 26, 2025.
- (4) An additional \$200,000 is payable and 1,000,000 shares issuable upon the Company publicly disclosing an Inferred Mineral Resource or greater category of 750,000 ounces of gold or greater (as such term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101")). The property is subject to a 2% NSR, one-half of which can be purchased for \$1,500,000 at any time prior to commencement of commercial production.

(h) *Clear Creek Gold Property, Yukon*

In June 2020, the Company entered into an additional option agreement with an optionor to acquire a 100% interest in the Clear Creek Gold Property located adjacent to the Company's RC Property east of Dawson City, Yukon.

The Company has the right to acquire a 100% interest in the Clear Creek Gold Property subject to the following terms:

- (1) pay Bernie Kreft \$230,000 in aggregate:
 - (i) \$10,000 on signing (paid);
 - (ii) \$10,000 on December 15, 2020 (paid);
 - (iii) \$25,000 on June 26, 2021 (paid);
 - (iv) \$30,000 on June 26, 2022 (paid);
 - (v) \$35,000 on June 26, 2023 (paid);
 - (vi) \$40,000 on June 26, 2024; and
 - (vii) \$80,000 on June 26, 2025.
- (2) incur Expenditures in the aggregate amount of not less than \$1,250,000 as follows:
 - (i) in the amount of \$80,000 by June 26, 2021 (incurred);
 - (ii) in the aggregate amount of \$200,000 by June 26, 2022 (incurred);
 - (iii) in the aggregate amount of \$350,000 by June 26, 2023 (incurred);
 - (iv) in the aggregate amount of \$600,000 by June 26, 2024; and
 - (v) in the aggregate amount of \$1,250,000 by June 26, 2025.
- (3) issue 600,000 Common Shares in aggregate to Bernie Kreft as follows:
 - (i) 50,000 Common Shares on signing (issued);
 - (ii) an additional 50,000 Common Shares on June 26, 2021 (issued);
 - (iii) an additional 50,000 Common Shares on June 26, 2022 (issued);
 - (iv) an additional 50,000 Common Shares on June 26, 2023 (issued);
 - (v) an additional 100,000 Common Shares on June 26, 2024; and
 - (vi) an additional 300,000 Common Shares on June 26, 2025.

An additional \$200,000 is payable and 1,000,000 shares (paid and issued in February 2023) issuable upon the Company publicly disclosing an Inferred Mineral Resource or greater category of 750,000 ounces of gold or greater (as such term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101")). The property is subject to a 2% NSR, one-half of which can be purchased for \$1,500,000 at any time prior to commencement of commercial production.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements
For the Quarter Ended June 30, 2023
(Expressed in Canadian dollars)

7. Share capital

- (a) *Authorized*
Unlimited common shares with no par value
- (b) *Issued and outstanding*

	Number of Common shares	Share Capital
<i>Balance, December 31, 2020</i>	58,390,396	\$6,973,803
Shares issued on warrants exercised	857,500	126,100
Shares issued on stock options exercised	200,000	36,000
Issued pursuant to option agreement	900,000	115,000
Financing (i)	50,945,086	5,900,102
Financing (ii)	16,679,050	2,613,414
Flow-through share premium (i and ii)	-	(815,766)
<i>Balance, December 31, 2021</i>	127,972,032	\$14,948,653
Financing net of issuing costs (iii)	29,193,589	3,721,798
Financing net of issuing costs (iv)	23,461,182	2,879,882
Tax effect on share issuance costs	-	133,368
Shares issued on warrants exercised	1,359,440	216,279
Issued pursuant to option agreement	1,300,000	164,500
<i>Balance, December 31, 2022</i>	183,291,243	\$22,064,479
Shares issued on warrants exercised	1,000,000	140,000
Issued pursuant to option agreements (Note 6)	1,113,041	128,700
<i>Balance, June 30, 2023</i>	185,404,284	\$22,333,179

- (i) In March 2021, the Company closed a non-brokered private placement for total proceeds of \$6,377,066 through the issuance of 21,243,684 flow-through units at a price of \$0.135 per flow-through unit and 29,243,069 non flow-through units at a price of \$0.12 per non flow-through unit. Each flow-through unit is comprised of a common share of Sitka and a half warrant. Each non flow-through unit is comprised of a common share of Sitka and a full warrant. Each warrant is exercisable into one common share at a price of \$0.18 per share for a period of 36 months from the closing date.

The flow-through units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$318,655 and as at December 31, 2021, \$307,404 was recognized as a settlement of the flow-through premium leaving \$11,251 recognized as a settlement during the year ended December 31, 2022.

In connection with the private placement, the Company paid commissions totaling \$272,538 and issued 2,138,122 finder's warrants. Each finder's warrant is exercisable to one common share of the company at exercise price of \$0.18 per share for 36 months from the closing date. The Company also issued 458,333 shares as a commission on a portion of the proceeds of the financing.

- (ii) In December 2021, the Company closed a non-brokered private placement, whereby the Company completed the issuance of 16,570,354 flow through units at a price of \$0.17 per unit for gross proceeds of \$2,816,960.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

7. Share capital (continued)

Each flow through unit consists of one flow-through common share of the Company and one-half of one warrant. Each warrant entitles the holder to purchase one common share of the Company for a period of 2 years from the date of issue at an exercise price of \$0.23 per Warrant Share.

The flow-through units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$497,111 and as at December 31, 2021, \$Nil was recognized as a settlement of the flow-through premium leaving \$497,111 recognized as a settlement during the year ended December 31, 2022.

In connection with the private placement, the Company issued 747,162 finder's warrants and paid commissions of \$64,493 to certain finders. Each Finder's Warrant will entitle the holder, on exercise thereof, to acquire one additional common share of the Company at a price of \$0.23 per share for a period of 2 years from the date of issuance.

Canaccord Genuity Corp. acted as financial advisor to the Company in connection with the private placement. In consideration for such services, the Company issued 108,696 common shares at an issue price of \$0.23 per common share.

- (iii) In June 2022, the Company closed non-brokered private placement for total gross proceeds of \$4,686,560 through the issuance of 20,489,177 flow-through units (the "FT Units") at a price of \$0.17 per FT Unit and 8,595,716 non-flow-through units (the "NFT Units") at a price of \$0.14 per NFT Unit.

Each NFT Unit is comprised of one common share and one-half of one common share purchase warrant. Each FT Unit is comprised of one flow-through common share and one-half of one common share Warrant. Each Warrant entitles the holder to purchase an additional Common Share at a price of \$0.23 for a period of 24 months from the date of issuance.

The flow-through units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$614,675 and as at December 31, 2022, \$614,675 was recognized as a settlement of the flow-through premium leaving \$nil as a flow-through share premium liability in the balance sheet.

In connection with the Offering, the Company issued 1,560,645 finder's warrants and paid commissions of \$254,130.60 to certain finders. Each Warrant entitles the holder to purchase an additional Common Share at a price of \$0.23 for a period of 24 months from the date of issuance.

- (iv) In December 2022, the Company closed non-brokered private placement for total gross proceeds of \$3,332,100 through the issuance of 15,190,666 flow-through units (the "FT Units") at a price of \$0.15 per FT Unit and 8,103,850 non-flow-through units (the "NFT Units") at a price of \$0.13 per NFT Unit. The Company issued 166,666 shares as finder's fee.

Each NFT Unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each FT Unit is comprised of one flow-through common share in the capital of the Company and one-half of one Warrant. Each Warrant entitles the holder to purchase an additional share at a price of \$0.22 for a period of 24 months from the date of issuance.

The flow-through units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$303,813 and as at December 31, 2022, \$63,972 was recognized as a settlement of the flow-through premium leaving \$239,841 as a flow-through share premium liability in the balance sheet.

In connection with the Offering, the Company issued 644,343 finder's warrants and paid commissions of \$90,441 to certain finders. Each Finder's Warrant is subject to the same terms and conditions as the Warrants.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements

For the Quarter Ended June 30, 2023

(Expressed in Canadian dollars)

7. Share capital (continued)

Canaccord Genuity Corp. acted as financial advisor to the Company in connection with the offering. In consideration for such services, the Company has agreed to issue to Canaccord Genuity Corp. an aggregate of 166,666 Shares (the "Advisory Shares") at an issue price of \$0.15 per Advisory Share.

(c) Share purchase warrants

At June 30, 2023, the Company had warrants outstanding and exercisable as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, December 31, 2020	22,458,144	0.16
Expired	(2,518,333)	0.18
Exercised	(857,500)	0.15
Granted (b(i))	39,864,910	0.18
Granted (b(i))	2,138,122	0.18
Granted (b(ii))	8,285,177	0.23
Granted (b(ii))	747,162	0.23
Balance, December 31, 2021	70,117,682	0.18
Granted (b(iii))	16,103,090	0.23
Granted (b(iv))	12,291,600	0.22
Expired	(2,217,699)	0.16
Exercised	(1,364,440)	0.16
Balance, December 31, 2022	94,930,233	0.19
Expired	(11,741,612)	0.14
Exercised	(1,000,000)	0.14
Balance, June 30, 2023	82,188,621	0.20

The weighted average life of the warrants outstanding at June 30, 2023 is 0.68 year.

(d) Stock options

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved a number of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of outstanding stock options at June 30, 2023 is as follows:

Number of stock options exercisable	\$	Expiry date
750,000	0.12	15-Jun-24
2,000,000	0.14	27-May-25
500,000	0.17	10-Jun-25
50,000	0.18	18-Nov-25
4,500,000	0.19	06-Apr-26
3,000,000	0.12	25-Feb-25
400,000	0.13	07-Jun-25
900,000	0.11	02-Feb-26
12,100,000		

Sitka Gold Corp.

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7. Share capital (continued)

Stock option transactions are summarized as follows:

	Number of stock options	Weighted average exercise price (\$)	Weighted average remaining life (Years)
Balance, December 31, 2021	9,225,000	0.18	3.31
Granted (i)	3,000,000	0.12	
Expired	(1,225,000)	0.25	
Granted (ii)	400,000	0.13	
Balance, December 31, 2022	11,400,000	0.16	2.58
Expired	(200,000)	0.25	
Granted (iii)	900,000	0.11	
Balance, June 30, 2023	12,100,000	0.16	2.08

- (i) In February 2022, the Company granted an aggregate of 3,000,000 incentive stock options to officers, directors and consultants of the Company. The Options are exercisable at \$0.12 per share for a period of three years from the date of grant, vesting immediately. The total fair value was estimated to be \$247,912 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.26% and an expected volatility of 140%
- (ii) In June 2022, the Company granted 400,000 incentive stock options to a consultant of the Company. The Options are exercisable at \$0.13 per share for a period of three years from the date of grant, vesting 25% every 6 months from date of grant. The total fair value was estimated to be \$17,486 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 3% and an expected volatility of 140%. During the year ended December 31, 2022, the Company recognized 17,486 as share-based payments.
- (iii) In February 2023, the Company granted an aggregate of 900,000 incentive stock options to officers, directors and employees of the Company. The Options are exercisable at \$0.11 per share for a period of three years from the date of grant. The total fair value was estimated to be \$81,681 using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 4.6% and an expected volatility of 138%.

8. Related party transactions

The Company had the following transaction involving key management during the quarter ended June 30, 2023:

- (a) An officer of the Company provided geological services of \$30,000 (2022- \$30,000) and management services of \$15,000 (2022 - \$15,000) to the Company.
- (b) A director of the Company provided geological services of \$14,070 (2022- \$9,225) and management services of \$2,400 (2022 - \$6,525) to the Company.
- (c) An officer of the Company provided investor relations services of \$12,000 (2022- \$9,000) to the Company.

Sitka Gold Corp.

Notes to the Consolidated Financial Statements
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8. Related party transactions (continued)

(d) A company optioning properties to the company provided general project management services to the Company in relation to exploration programs that were completed. Fees incurred during the quarter were \$193,930 (2022- \$480,868). The fees included the payments to various consultants to provide geological services, to contractors to provide analytical and helicopter services, and the costs for project and camp-related labour, travel and equipment expenditures.

Due to related parties consists of the following:

	June 30, 2023	June 30, 2022
	\$	\$
Due to an officer of the Company	47,250	-
Total	\$47,250	-

9. Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the quarter ended June 30, 2023.

10. Financial instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company's primary exposure to credit risk is on its cash. Cash are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity Risk - Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Interest rate risk - Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earns interest income at variable rates. The fair value of cash is minimally affected by changes in short term interest rates.

Sitka Gold Corp.

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10. Financial instruments (continued)

Foreign currency risk - Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds.

Commodity price risk - The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Fair Value - The Company has various financial instruments comprised of cash, receivables, and accounts payable and accrued liabilities.

The carrying amounts of the Company's financial instruments approximate their fair due to their short period of time until maturity.

11. Subsequent Events

- (a) In July 2023, the Company closed non-brokered private placement for total gross proceeds of \$1,520,090.77 through the issuance of 13,819,007 flow-through units (the "FT Units") at a price of \$0.11 per FT Unit.

Each FT Unit is comprised of one flow-through common share and one-half of one common share purchase warrant (the "Warrants"). Each Warrant entitles the holder to purchase an additional common share at a price of \$0.15 for a period of 24 months from the date of issuance. In connection with the Offering, the Company issued 342,223 finder's warrants and paid commissions of \$40,614.60 to certain finders. Each Finder's Warrant is subject to the same terms and conditions as the Warrants.

- (b) In August 2023, the Company closed a fully-subscribed non-brokered private placement of 22,222,222 units ("Units") at a price of \$0.18 per Unit, for aggregate gross proceeds of \$4,000,000.

Each Unit will consist of one common share and one-half of one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of \$0.36 for a period of 24 months from the date of issuance.