

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Discovery Harbour Resources Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2022 \$	September 30, 2022 \$
Assets			
Current assets			
Cash		311,878	347,262
Amounts receivable		3,965	3,060
Prepaid expenses and deposits		3,845	7,690
Total current assets		319,688	358,012
Non-current assets			
Investment	5	1	1
Total assets		319,689	358,013
Liabilities			
Current liabilities			
Trade and other payables		13,020	10,286
Due to related parties	10	-	7,970
Loan payable	7	40,000	40,000
Total liabilities		53,020	58,256
Equity			
Share capital	8	22,156,822	22,156,822
Contributed surplus	8	2,503,564	2,503,564
Accumulated deficit		(24,393,717)	(24,360,629)
Total equity		266,669	299,757
Total liabilities and equity		319,689	358,013

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors:

 /s/“Mark Fields” Director /s/“Andrew Hancharyk” Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Note	2022	2021
		\$	\$
Expenses			
Accounting and audit fees		16,000	15,500
Insurance		3,845	3,594
Investor communications		238	1,650
Legal		786	255
Management fees	10	-	30,000
Office and administration		1,000	1,105
Salaries and benefits	10	33,893	12,872
Transfer agent and filing fees		969	1,169
Total expenses		(56,731)	(66,145)
Recovery of exploration and evaluation assets		22,509	183,933
Foreign exchange		1,134	3,108
Unrealized gain on investments		-	6,017
Other income		23,643	193,058
Net income (loss) and comprehensive income (loss) for the period		(33,088)	126,913
Income (loss) per common share, basic and diluted		(0.00)	0.00
Weighted average number of common shares outstanding		94,509,294	94,509,294

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
Balance at September 30, 2021	94,509,294	22,156,822	2,451,834	(21,910,889)	2,697,767
Net income for the period	-	-	-	126,913	126,913
Balance at December 31, 2021	94,509,294	22,156,822	2,451,834	(21,783,976)	2,824,680
Balance at September 30, 2022	94,509,294	22,156,822	2,503,564	(24,360,629)	299,757
Net loss for the period	-	-	-	(33,088)	(33,088)
Balance at December 31, 2022	94,509,294	22,156,822	2,503,564	(24,393,717)	266,669

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	2022	2021
	\$	\$
Operating activities		
Net income (loss) for the period	(33,088)	126,913
Items not involving cash:		
Recovery of exploration and evaluation assets	-	(183,933)
Unrealized gain on investments	-	(6,017)
Changes in non-cash working capital accounts:		
Amounts receivable	(905)	(4,467)
Due to related parties	(7,970)	(1,806)
Prepaid expenses	3,845	4,989
Trade and other payables	2,734	6,565
Total cash used in operating activities	(35,384)	(57,756)
Investing activities		
Expenditures on exploration and evaluation assets	-	(592,834)
Cost recoveries on exploration and evaluation assets	-	187,969
Total cash used in investing activities	-	(404,865)
Total change in cash	(35,384)	(462,621)
Cash, beginning	347,262	1,086,337
Cash, end	311,878	623,716
Supplemental information		
Interest paid	-	-
Income taxes paid	-	-

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 1
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(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Discovery Harbour Resources Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 11, 2009. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013. The Company is listed on the TSX Venture Exchange as a Tier 2 Venture Issuer having the symbol DHR-V.

The address of the Company’s corporate office and principal place of business is Suite 250 - 750 West Pender Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$24,393,717 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, future profitable production or proceeds from the disposition of the properties and the ability of the Company to acquire or invest in suitable projects and the attainment of profitable operations. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed consolidated interim financial statements. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared the outbreak and spread of a novel coronavirus, COVID-19, a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally introduced various recommendations and measures to try to limit the pandemic, including implementing travel restrictions, border closures, non-essential business closures, quarantines, self-isolation and physical distancing. The Company’s exploration and operational activities in both 2021 and 2022 were conducted and completed in an orderly fashion while ensuring the safety of employees, subject to compliance with existing applicable domestic regulations and guidelines.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements for the period ended December 31, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2022 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

DISCOVERY HARBOUR RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 2

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 17, 2023.

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0845837 B.C. Ltd. (active) and Discovery Harbour (USA) LLC (dormant). Inter-company balances and transactions are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2022 annual financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2022 annual financial statements.

5. INVESTMENT

Stratus Aeronautics Inc.

The Company's investment in Stratus Aeronautics Inc. ("Stratus"), a private company incorporated in Canada, is classified as FVTPL and measured at fair value. The Company acquired 594,000 shares of Stratus on September 22, 2011 pursuant to a transaction to settle a \$330,000 loan agreement with Stratus. During the year ended September 30, 2014, the Company wrote down its investment down to its estimated fair value of \$1.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 3
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6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Nevada Caldera \$	Nevada Caldera Extension \$	Fortuity 89 \$	Total \$
Balance at September 30, 2021	1,856,100	1,267	4,036	1,861,403
Exploration costs				
Drilling	142,880	-	-	142,880
Field operations	5,166	-	-	5,166
Geological and geophysical	10,736	-	-	10,736
Office, miscellaneous and travel	15,820	-	-	15,820
Sampling and analysis	94,360	-	-	94,360
	268,962	-	-	268,962
Acquisition of property				
Advance royalty	154,691	-	-	154,691
Claim rental	17,351	-	29,656	47,007
	172,042	-	29,656	201,698
Cost recoveries	(187,969)	-	-	(187,969)
Write-off of exploration and evaluation assets	(2,109,135)	(1,267)	(33,692)	(2,144,094)
Balance at September 30, 2022 and December 31, 2022	-	-	-	-

a) Caldera Property (Nevada, USA)

The Company held an interest in the Caldera Gold Property and Fortuity 89 Property through various agreements.

During the year ended September 30, 2022, the Company terminated its option to purchase the Caldera Gold Property and wrote down its exploration and evaluation costs to \$nil.

b) Fortuity 89 Property (Nevada, USA)

On March 9, 2021 the Company entered into an option and earn-in agreement with Newcrest Resources, Inc., a wholly owned subsidiary of Newcrest Mining Limited on the Fortuity 89 property in Nevada. The Fortuity 89 property, was formerly included in the Caldera Gold Property. During the year ended September 30, 2022, Newcrest terminated its option to earn an interest in the Fortuity 89 Property.

During the year ended September 30, 2022, the Company terminated its option on the Caldera Gold Property, which included Fortuity 89 and wrote down its exploration and evaluation costs to \$nil.

The Company retains 100% ownership of 106 claims in the Fortuity 89 area which were outside the area of interest of the option agreement.

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7. LOAN PAYABLE

On April 30, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2023. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2023. If the business cannot pay back the loan by December 31, 2023, it can be converted into a 3-year term loan at an interest rate of 5%.

8. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends 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.

There were no common shares issued during the period ended December 31, 2022 and the year ended September 30, 2022.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. No preferred shares have been issued since the Company's inception.

c) Share Purchase Warrants

A summary of the continuity of the Company's share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at September 30, 2021	64,512,059	0.10
Expired	(7,032,000)	0.11
Balance at September 30, 2022 and December 31, 2022	57,480,059	0.10

The Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding		Exercise Price per Share (\$)	Expiry Date
December 31, 2022	September 30, 2022		
57,480,059	57,480,059	0.10	July 17, 2023
57,480,059	57,480,059		

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9. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated September 29, 2015 (the “Plan”). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other TSX Venture Exchange Policy requirements. Options granted under the Plan are subject to vesting terms determined by the Board. The Plan was approved by the Company’s shareholders on October 28, 2015 and became effective as of that date.

A summary of the continuity of the Company’s stock options is presented below:

	December 31, 2022		September 30, 2022	
	Options Outstanding	Weighted Average Exercise Price (\$)	Options Outstanding	Weighted Average Exercise Price (\$)
Opening balance	6,075,000	0.10	5,075,000	0.10
Granted	-	-	1,625,000	0.05
Expired/cancelled	-	-	(625,000)	0.11
Ending balance	6,075,000	0.09	6,075,000	0.09

On January 31, 2022, the Company granted 1,625,000 stock options with an exercise price of \$0.05 per share expiring January 31, 2027 to directors, employees and consultants.

Details of stock options outstanding and exercisable as at December 31, 2022 and September 30, 2022 are as follows:

Expiry Date	Exercise Price (\$)	December 31, 2022	September 30, 2022
October 4, 2024	0.075	850,000	850,000
October 22, 2024	0.09	600,000	600,000
August 24, 2025	0.12	2,700,000	2,700,000
March 17, 2026	0.065	300,000	300,000
January 31, 2027	0.05	1,625,000	1,625,000
		Outstanding	6,075,000
		Exercisable	6,075,000

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 6

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the year ended September 30, 2022 was \$0.03. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	Period ended December 31, 2022	Year ended September 30, 2022
Expected stock price volatility	-	157%
Risk-free interest rate	-	1.64%
Dividend yield	-	-
Expected life of options	-	5 years
Forfeiture rate	-	-

10. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company.

During the period ended December 31, 2022, the Company recorded the following to key management personnel:

- \$Nil (2021: \$30,000) in management fees to a company controlled by the Chief Executive Officer and \$24,230 (2021: \$nil) in salaries and benefits to the Chief Executive Officer. As at December 31, 2022, the Company owed \$nil to this Chief Executive Officer (September 30, 2022 - \$5,489).
- \$9,663 (2021: \$12,872) in salaries and benefits to a Director and Officer of the Company. As at December 31, 2022, the Company owed \$nil to this Director (September 30, 2022 - \$2,481).

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, short-term investments, amounts receivable, investments, trade and other payables, due to related parties, convertible debenture and loans payable. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	December 31, 2022		September 30, 2022	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
FVTPL assets (i)	311,879	311,879	347,263	347,263
Amortized cost liabilities (ii)	53,020	53,020	58,256	58,256
(i) Cash, short-term investments, investments				
(ii) Trade and other payables, due to related parties, loan payable				

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at December 31, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	311,878	-	-	311,878
Investments	1	-	-	1

The Company has assessed that the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 8

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at December 31, 2022, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, amounts due to related parties, convertible debenture and loans payable. The Company has working capital of \$266,668 as at December 31, 2022 and handles its liquidity risk through the management of its capital structure. All of the Company's financial liabilities are due on demand within one year, do not generally bear interest and are subject to normal trade terms, with the exception of the CEBA loan described in Note 7.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no publicly traded debt and no debt that bears variable interest. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. The Company is exposed to foreign exchange risk because the Company's financial instruments are denominated in both Canadian dollars and US dollars, and all current exploration occurs within the United States.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – Page 9

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(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

13. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	December 31, 2022			September 30, 2022		
	Canada	USA	Total	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
Current assets	319,688	-	319,688	358,012	-	358,012
Investment	1	-	1	1	-	1
Total assets	319,689	-	319,689	358,013	-	358,013