



ABCOURT MINES INC.
INTERIM FINANCIAL STATEMENTS
THREE AND SIX-MONTH PERIODS ENDED DECEMBER 31, 2022 (unaudited)

INTERIM FINANCIAL STATEMENTS

Interim Statements of Financial Position

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ABCOURT MINES INC.

INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in Canadian dollars)

		December 31, 2022	June 30, 2022
		\$	\$
	Notes	(unaudited)	(audited)
ASSETS			
Current assets			
Cash		1,057,859	720,512
Receivable	5	437,248	337,403
Prepaid expenses		99,170	44,339
Inventory	6	514,306	2,296,719
Total current assets		2,108,583	3,398,973
Non-current assets			
Restoration deposits	11	5,867,786	5,867,786
Property, plant and equipment	7	9,367,330	10,785,500
Exploration and evaluation assets	8	1,262,550	1,060,476
Total non-current assets		16,497,666	17,713,762
Total assets		18,606,249	21,112,735
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	3,804,503	6,613,532
Income and mining taxes payable		34,000	157,470
Current portion of long-term debt	10	1,685,350	1,874,387
Other liabilities		170,712	-
Total current liabilities		5,694,565	8,645,389
Long-term debt	10	497,974	604,241
Provisions related to restoration of mining sites	11	6,256,274	6,165,101
Total liabilities		12,448,813	15,414,731
EQUITY			
Share capital	12	47,313,780	46,186,602
Contributed surplus	13	7,232,117	7,197,317
Warrants		594,260	340,900
Deficit		(48,982,721)	(48,026,815)
Total equity		6,157,436	5,698,004
Total liabilities and equity		18,606,249	21,112,735

ON BEHALF OF THE BOARD

(s) Pascal Hamelin, President and Director

(s) Nicole Veilleux, Director

ABCOURT MINES INC.

STATEMENTS OF COMPREHENSIVE INCOME THREE AND SIX MONTHS ENDED DECEMBER 31, (In Canadian dollars)

	Notes	2022		2021	
		3 months \$	6 months \$	3 months \$	6 months \$
Revenue	14	4,118,938	6,810,873	7,148,225	14,249,034
Mining operation costs		1,986,080	4,758,796	8,113,739	14,600,217
Amortization and depletion		15,434	35,542	556,647	1,165,243
Cost of sales		2,001,514	4,794,338	8,670,386	15,765,460
GROSS MARGIN		<u>2,117,424</u>	<u>2,016,535</u>	<u>(1,522,161)</u>	<u>(1,516,426)</u>
ADMINISTRATIVE EXPENSES					
Professional fees		201,258	285,239	77,661	151,920
Interests and penalties on taxes		38,037	58,021	14,631	48,069
Bank expenses		4,179	28,691	3,201	4,799
Salaries and benefits		227,772	392,516	89,111	167,109
Insurances		11,075	17,630	9,510	14,280
Office expenses and other expenses		24,591	50,026	28,530	63,322
Shareholder and investor relations		134,932	166,581	50,641	75,381
Project evaluation		37,297	37,297	-	-
Share-based compensation		21,000	21,000	-	-
Depreciation of property, plant and equipment		6,391	8,906	5,061	6,751
Care and maintenance expenses		1,013,899	1,652,414	-	-
Impairment of property, plant and equipment		-	2,111	-	-
Impairment of exploration and evaluation expenses		-	1,139	-	-
Total administrative expenses		<u>1,720,431</u>	<u>2,721,571</u>	<u>278,346</u>	<u>531,631</u>
OPERATING EARNINGS		<u>396,993</u>	<u>(705,036)</u>	<u>(1,800,507)</u>	<u>(2,048,057)</u>
REVENUE AND FINANCE COSTS					
Interest income		-	-	(10)	(350)
Finance costs		52,842	95,376	21,219	38,049
		<u>52,842</u>	<u>95,376</u>	<u>21,209</u>	<u>37,699</u>
EARNINGS BEFORE INCOME AND MINING TAXES		<u>344,151</u>	<u>(800,412)</u>	<u>(1,821,716)</u>	<u>(2,085,756)</u>
Income and mining taxes		34 000	34 000	-	3,941
NET EARNINGS AND TOTAL COMPREHENSIVE INCOME		<u>310,151</u>	<u>(834,412)</u>	<u>(1,821,716)</u>	<u>(2,089,697)</u>
NET EARNINGS PER SHARE					
Basic		0.001	(0.002)	(0.000)	(0.000)
Diluted		0.001	(0.002)	(0.000)	(0.000)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING					
Basic		348,754,347	344,482,609	311,539,131	311,539,131
Diluted		349,253,177	345,241,589	311,734,412	311,818,114

ABCOURT MINES INC.
STATEMENTS OF CHANGES IN EQUITY
(in Canadian dollars)

	Notes	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
		\$	\$	\$	\$	\$
Balance as at June 30, 2022		46,186,602	340,900	7,197,317	(48,026,815)	5,698,004
Net earnings and comprehensive income		-	-	-	(834,412)	(834,412)
Issued units	12-13	331,053	62,197	-	-	393,250
Flow-through units	12-13	796,125	191,163	-	-	987,288
Stock options	13	-	-	21,000	-	21,000
Issuance expenses		-	-	13,800	(121,494)	(107,694)
Balance as at December 31, 2022		47,313,780	594,260	7,232,117	(48,982,721)	6,157,436
Balance as at June 30, 2021		44,852,502	-	7,094,317	(17,287,131)	34,659,688
Net earnings and comprehensive income		-	-	-	(30,725,039)	(30,725,039)
Issued units	12 - 13	1,334,100	340,900	-	-	1,675,000
Stock options	12 - 13	-	-	103,000	-	103,000
Issuance expenses	13	-	-	-	(14,645)	(14,645)
Balance as at June 30, 2022		46,186,602	340,900	7,197,317	(48,026,815)	5,698,004

ABCOURT MINES INC.

STATEMENTS OF CASH FLOWS

THREE AND SIX MONTHS ENDED DECEMBER 31,
(in Canadian dollars)

	Notes	December 31, 2022		December 31, 2021	
		3 months \$	6 months \$	3 months \$	6 months \$
OPERATING ACTIVITIES					
Net earnings		310,151	(834,412)	(1,821,716)	(2,089,697)
Non-cash items:					
Accretion expense		49,128	91,173	17,052	30,606
Effective interest expense		-	-	4,167	7,443
Share-based compensation		21,000	21,000	-	-
Amortization and depletion		21,825	44,448	561,708	1,171,994
Impairment of property, plant and equipment		-	2,111	-	-
Impairment of exploration and evaluation assets		-	1,139	-	-
		<u>402,104</u>	<u>(674,541)</u>	<u>(1,238,789)</u>	<u>(879,654)</u>
Net change in non-cash operating working capital items	4	<u>(1,026,106)</u>	<u>(1,304,762)</u>	<u>2,127,173</u>	<u>1,604,877</u>
		(624,002)	(1,979,303)	888,384	725,223
FINANCING ACTIVITIES					
Issuance of units		32,500	393,250	-	-
Issuance of flow-through shares		-	1,158,000	-	-
Share issuance expenses		(2,970)	(107,694)	-	-
Proceeds from long-term debt		-	-	47,631	47,631
Repayment of long-term debt		<u>(156,040)</u>	<u>(295,304)</u>	<u>(124,129)</u>	<u>(207,462)</u>
		(126,510)	1,148,252	(76,498)	(159,831)
INVESTING ACTIVITIES					
Royalty		-	2,651,875	-	-
Expenses related to the sale of the royalty		(2,879)	(175,012)	-	-
Purchase of property, plan and equipment		(762,930)	(1,105,252)	(1,162,312)	(1,894,485)
Purchase of exploration and evaluation assets		<u>(142,074)</u>	<u>(203,213)</u>	<u>(46,417)</u>	<u>(93,597)</u>
		<u>(907,883)</u>	<u>1,168,398</u>	<u>(1,208,729)</u>	<u>(1,988,082)</u>
NET CHANGE IN CASH		(1,658,395)	337,347	(396,843)	(1,422,690)
CASH, AT BEGINNING		2,716,254	750,512	1,428,798	2,454,645
CASH, AT THE END		1,057,859	1,057,859	1,031,955	1,031,955

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

1- INCORPORATION AND NATURE OF ACTIVITIES

Abcourt Mines Inc. (the « Company ») was incorporated by letters patent of amalgamation in January 1971 and continued under Part 1A of the Quebec Companies Act in March 1981. On February 14, 2011, the Company was automatically continued under Business Companies Act (Quebec) following the coming into force of this law. The Company is engaged in the acquisition, exploration, evaluation, development and exploitation of mining properties in Canada, principally auriferous. Its shares are trading on TSX Venture Exchange under the symbol ABI, on the Berlin Stock Exchange under the symbol AML-BE and on the Frankfurt Exchange under the symbol AML-FF. The address of the Company's head office is 475 De l'Eglise Avenue, Rouyn-Noranda, (Quebec) J0Z 1Y0.

These financial statements were approved for issue by the Board of Directors on February 21, 2023.

2- GENERAL INFORMATION AND BASIS OF PRESENTATION

These interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"), as established by the International Accounting Standards Board and in accordance with IAS 34 "Interim Financial Reporting". These interim financial statements were prepared using the same basis of presentation and accounting policies outlined in the annual financial statements for the year ended June 30, 2022. They do not include all the information required in annual financial statements in accordance with IFRS and must be read in conjunction with the audited financial statements for the year ended June 30, 2022.

The Company's independent auditor has not performed a review of these unaudited interim financial statements for the period ended December 31, 2022 in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the Company's auditor.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim financial statements, management makes a series of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended June 30, 2022.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and pay its debts in the normal course of business.

The Company's ability to pursue its activities depends on its ability to obtain the additional financing necessary for the development of its Sleeping Giant project and the continued exploration and evaluation of its mining properties, to generate additional cash from its operations and continue to benefit from the continued support of its major suppliers and creditors and its secured lender. Despite the Company's ability to obtain funds in the past, there is no guarantee that it will be able to obtain financing in the future, and there is no guarantee that these sources of financing will be accessible on terms acceptable to the Company. As at December 31, 2022, the Company has a deficit of \$48,982,721, cash of \$1,057,859 and negative working capital of \$3,585,982.

These material uncertainties therefore cast significant doubt on the Company's ability to continue its operations.

The financial statements do not reflect the adjustments to carrying values of assets and liabilities to the income and expenses presented and to the reported financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

3- NEW OR REVISED STANDARDS AND INTERPRETATIONS

New and revised IFRSs issued but not yet effective

At the date of authorization for issuance of these financial statements, several new interpretations, standards and amendments to existing standards had been published by the IASB but were not yet effective. The Company has not adopted any of these standards or amendments to existing standards early.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

3- NEW OR REVISED STANDARDS AND INTERPRETATIONS (continued)

Management anticipates that all relevant pronouncements will be adopted in the first open period after their effective date. The new standards, amendments and interpretations which have not been adopted in advance and which are not listed below are not likely to have a significant impact on the Company's financial statements.

IAS 16, Property, Plant and Equipment – Proceeds before Intended Use

On May 14, 2020, the IASB published amendments to IAS 16 “Property, Plant and Equipment – Proceeds Before Intended Use”.

The amendments apply to fiscal years beginning on or after January 1, 2022. Earlier application is permitted. The amendments provide guidance on accounting for proceeds from the sale of items that a company produces and sells with the intent that an item of property, plant and equipment can be used as intended, and related production costs. Specifically, proceeds from the sale of items that have been produced before the related property, plant and equipment is ready for use should be recognized in profit or loss, along with the related production costs. The application of this new standard for the quarters ended December 31, 2022, and June 30, 2022, had the effect of increasing the deficit and decreasing property, plant and equipment by a net amount of \$2,828,724 and, for the three and six months periods ended December 31, 2021, of increasing the net loss by an amount of \$1 118 394 and \$1 979 307.

4- COMPLEMENTARY INFORMATION PERTAINING TO CASH FLOWS

Net variation in non-cash operating working capital items

	December 31, 2022		December 31, 2021	
	3 months	6 months	3 months	6 months
	\$	\$	\$	\$
Receivables	(245,358)	(99,845)	562,952	55,398
Prepaid expenses	(78,495)	(54,831)	24,713	13,485
Inventory	129,840	1,782,413	1,209,749	855,773
Accounts payable and accrued liabilities	(706,623)	(2,809,029)	329,759	842,699
Income tax payable	(123,470)	(123,470)	-	(162,478)
	<u>(1,026,106)</u>	<u>(1,304,762)</u>	<u>2,127,173</u>	<u>1,604,877</u>

As at December 31, 2022, the Company paid \$157,470 in income taxes (\$162,478 as at December 31, 2021).

Items not affecting cash:

	December 31, 2022	December 31, 2021
	\$	\$
Warrants granted to investors	253,360	-
Warrants granted to intermediaries	13,800	-

5- RECEIVABLES

	December 31, 2022	June 30, 2022
	\$	\$
Taxes receivable	428,522	325,309
Accounts receivable	-	1,309
Other accounts receivable	8,726	10,785
	<u>437,248</u>	<u>337,403</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

6- INVENTORY

	December 31,	June 30,
	2022	2022
	\$	\$
Gold and silver inventory	-	1,725,888
Ore	-	105,900
Supplies	514,306	464,931
	<u>514,306</u>	<u>2,296,719</u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

7- PROPERTY, PLANT AND EQUIPMENT

	June 30, 2022	Addition	Costs			December 31, 2022	June 30, 2022	Accumulated Amortization		December 31, 2022	December 31, 2022 Net book value
	\$	\$	Depreciation \$	Royalty \$	Transfer \$	\$	\$	Amortization \$	Transfer \$	\$	\$
Corporate											
Office Equipment	-	-	-	-	50,357	50,357	-	1,005	33,322	34,327	16,030
Computer hardware	-	42,285	-	-	29,534	71,819	-	5,386	11,803	17,189	54,630
	-	42,285	-	-	79,891	122,176	-	6,391	45,125	51,516	70,660
Elder Mine site											
Lands	37,263	-	-	-	-	37,263	-	-	-	-	37,263
Furniture and Equipment	50,357	-	-	-	(50,357)	-	32,283	1,039	(33,322)	-	-
Elder Mine	-	2,111	(2,111)	-	-	-	-	-	-	-	-
Computer hardware	18,846	10,688	-	-	(29,534)	-	10,327	1,476	(11,803)	-	-
	106,466	12,799	(2,111)	-	(79,891)	37,263	42,610	2,515	(45,125)	-	37,263
Sleeping Giant Site											
Sleeping Giant Mine ⁽¹⁾	7,893,240	688,087	-	(2,476,863)	-	6,104,464	-	-	-	-	6,104,464
Mill and production equipment	4,374,600	264,142	-	-	-	4,638,742	1,978,357	4,082	-	1,982,439	2,656,303
Building	491,054	16,200	-	-	-	507,254	234,325	733	-	235,058	272,196
Lands	19,000	-	-	-	-	19,000	-	-	-	-	19,000
Mobile equipment	477,225	49,130	-	-	-	526,355	400,441	21,917	-	422,358	103,997
Computer hardware	58,399	32,609	-	-	-	91,008	33,751	8,810	-	42,561	48,447
	13,313,518	1,050,168	-	(2,476,863)	-	11,886,823	2,646,874	35,542	-	2,682,416	9,204,407
Exploration											
Lands	55,000	-	-	-	-	55,000	-	-	-	-	55,000
	55,000	-	-	-	-	55,000	-	-	-	-	55,000
	13,474,984	1,105,252	(2,111)	(2,476,863)	-	12,101,262	2,689,484	44,448	-	2,733,932	9,367,330

(1) The Company sold a 2% net smelter return royalty on all metallic and non-metallic minerals mined or otherwise recovered on the property for cash consideration of \$2,651,875. The royalty is presented net of fees in the amount of \$175,012.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

8- EXPLORATION AND EVALUATION ASSETS

	December 31, 2022	June 30, 2022
	\$	\$
Mining properties	35,906	31,381
Exploration and evaluation expenses	1,226,644	1,029,095
	<u>1,262,550</u>	<u>1,060,476</u>

Mining properties

	Balance as at June 30, 2022	Addition	Depreciation	Balance as at December 31, 2022
	\$	\$	\$	\$
Properties in Quebec				
Abcourt-Barvue	-	2,945	-	2,945
Aldermac	-	416	(416)	-
Discovery – Flordin	21,699	-	-	21,699
Dormex	9,682	1,580	-	11,262
Others (% variable)	-	723	(723)	-
	<u>31,381</u>	<u>5,664</u>	<u>(1,139)</u>	<u>35,906</u>

Exploration and evaluation expenses

	Balance as at June 30, 2022	Addition	Balance as at December 31, 2022
	\$	\$	\$
Discovery-Flordin	844,034	197,549	1,041,583
Dormex	185,061	-	185,061
	<u>1,029,095</u>	<u>197,549</u>	<u>1,266,644</u>

The following royalties are payable upon production on the Company's mining properties.

<u>Properties</u>	<u>Royalties</u>
Elder	2 to 3% NSR
Vendôme	2% NSR on Xstrata's claims
Tagami	1 to 2% NSR
Jonpol	2.5% NSR
Aldermac	\$2.00/tonne over 1.5 M tonnes
West Aldermac	2% NSR
Sleeping Giant	\$5/ tonne, for a total of 350,000 tonnes; 2% NSR

Although the Company has taken steps to identify the royalties on the mining properties, in accordance with industry practices, property titles may be subject to unregistered prior agreements, and they can be lost or revoked if regulatory measures are not respected.

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

9- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31	June 30,
	2022	2022
	\$	\$
Accounts payable	1,678,138	3,714,052
Royalties payable	503,374	684,828
Salaries and vacation payable	261,483	407,311
Amounts due to governments	1,361,508	1,807,341
	<u>3,804,503</u>	<u>6,613,532</u>

10- LONG-TERM DEBT

	December 31,	June 30,
	2022	2022
	\$	\$
Loan authorized for a maximum amount of \$3,000,000, bearing interest at a fixed rate of 2.99%, 3.51% and 5.66%, maturing in January and February 2023, secured by a first mortgage loan of \$3,000,000 on equipment and mobile equipment of the Sleeping Giant mine and mill facility and a mortgage of \$250,000 on receivables and inventory. ⁽¹⁾	2,166,667	2,450,000
Loan authorized for a maximum amount of \$47,631, bearing interest at a fixed rate of 7.33%, secured by mobile equipment, maturing in August 2023.	<u>16,658</u>	<u>28,628</u>
Current Portion	<u>(1,685,350)</u>	<u>(1,874,387)</u>
	<u>497,975</u>	<u>604,241</u>

1. The loans were renewed in January and February 2023 for 1 year and 3 years respectively, at rates of 7.26% and 7.25%.

Reconciliation of changes of long-term debt to cash flows arising from financing activities

	December 31,	June 30,
	2022	2022
	\$	\$
Balance, beginning of year	2,478,628	1,925,098
Cash flows		
Proceeds from long-term debt	-	1,047,631
Repayment of long-term debt	(295,304)	(502,336)
Non-cash flows		
Effective interest expense	-	8,235
Balance, end of the year	<u>2,183,324</u>	<u>2,478,628</u>

As at December 31, 2022, and June 30, 2022, principal payments required in the next years are as follows:

Within one year	1,685,350	1,874,387
More than one year and less than five years	497,975	604,241

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(in Canadian dollars)

11- PROVISIONS FOR RESTORATION OF MINING SITES

The following table sets forth the change in the provisions for restoration of mining sites:

	December 31, 2022	June 30, 2022
	\$	\$
Balance, beginning of the period	6,165,101	6,243,320
Change to estimates	-	(169,789)
Accretion expenses	<u>91,173</u>	<u>91,570</u>
Balance, end of period	<u><u>6,256,274</u></u>	<u><u>6,165,101</u></u>

The inflation rate used to determine the future value of the bonds is 2.62% (4.9% as at June 30, 2022), while the rate reflecting current market assessments (adjusted to take account of risks specific to this liability) used to determine the present value of the provisions is 3.12% and 3.99% (3.12% and 3.06% as at June 30, 2022). The payment schedules were determined taking into account the measured and indicated resources estimates, the expected annual production level and the estimated life of mine.

The revision of the estimates follows the revision of the estimated cash flow schedules following the update of the resources and their estimated life as well as the revision of the future restoration costs of the Elder and Sleeping Giant mines. The revised estimates have been charged to property, plant and equipment.

The following table presents the estimated undiscounted cash flows arising from future restoration costs used in the calculation of provisions related to the restoration of mining sites as at December 31, 2022.

	Estimated total amount of expected cash flow in 2024 and 2030
	\$
Elder Mine	566,073
Sleeping Giant Mine	<u>7,215,378</u>
	<u><u>7,781,451</u></u>

The following table sets forth the distribution of provisions for restoration of mining sites:

	December 31, 2022	June 30, 2022
	\$	\$
Elder Mine	511,596	502,554
Sleeping Giant Mine	<u>5,744,678</u>	<u>5,662,547</u>
	<u><u>6,256,274</u></u>	<u><u>6,165,101</u></u>

ABCOURT MINES INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
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(in Canadian dollars)

12- SHARE CAPITAL

Authorized

Unlimited number of preferred shares without par value which may be issued in one or more series; the privileges, rights, conditions and restrictions will be determined by the Board of Directors (none outstanding).

Unlimited number of subordinate Class "A" shares, without par value, non-voting (none outstanding).

Unlimited number of Class "B" shares», without per value, with voting rights.

Changes in the Company Class "B" share capital were as follows:

	December 31,		June 30,	
	2022		2022	
	Number	Amount	Number	Amount
		\$		\$
Balance, at beginning	328,289,131	46,186,602	311,539,131	44,852,502
Issuance of common shares	6,050,000	331,053	16,750,000	1,334,100
Issuance of flow-through shares	<u>14,475,000</u>	<u>796,125</u>	-	-
Balance, at the end	<u><u>348,814,131</u></u>	<u><u>47,313,780</u></u>	<u><u>328,289,131</u></u>	<u><u>46,186,602</u></u>

On July 20, 2022, the Company completed a private placement consisting of 550,000 units at a price of \$0.065 per unit. Each unit consisted of one Class "B" common share and one warrant. Each whole warrant entitles the holder to subscribe to one Class "B" common share at an exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant. The gross proceeds of this placement in the amount of \$35,750 were presented net of the fair value of the warrants, in the amount of \$6,922.

On July 20, 2022, the Company completed a private placement consisting of 14,475,000 flow-through units at a price of \$0.08 per unit. Each unit consists of one Class "B" flow-through common share and one warrant. Each whole warrant entitles the holder to subscribe to one Class "B" common share at an exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant. The gross proceeds of this placement in the amount of \$1,158,000 were presented net of the fair value of the warrants, in the amount of \$191,163 and the flow-through share premium in the amount of \$170,712.

In connection with the placement, the Company paid a cash commission of \$69,000 and issued 862,500 warrants to an intermediary. Each warrant entitles the holder to subscribe to one unit at an exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant. Each unit consists of one Class "B" common share and a warrant to subscribe for one Class "B" common share at an exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant.

On September 27, 2022, the Company closed a private placement consisting of 5,000,000 units at a price of \$0.065 per unit. Each unit consists of one Class "B" common share and one warrant. Each warrant entitles the holder to subscribe to one Class "B" common share at the exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant. The gross proceeds of this placement in the amount of \$325,000 were presented net of the fair value of the warrants, in the amount of \$49,775.

As part of the private placement closed on September 27, 2022, the Company accepted on October 11, 2022 an additional subscription of 500,000 units at a price of \$0.065 per unit. The gross proceeds from the subscription in the amount of \$325,000 were presented net of the fair value of the warrants in the amount of \$5,500.

In connection with the placement, the Company paid a cash commission of \$19,500 and issued 300,000 warrants to an intermediary. Each warrant entitles the holder to subscribe to one unit at an exercise price of \$0.15 for a period of 3 years from the date of issue of the warrant. Each unit consists of one Class "B" common share and a warrant to subscribe for one Class "B" common share at an exercise price of \$0.15 for a period of 3 years from the date of issuance of the warrant.

Year ended June 30, 2022

On May 31, 2022, the Company completed a non-brokered private placement consisting of 16,750,000 units at a price of \$0.10 per unit. Each unit consisted of one Class "B" common share and one warrant, each warrant entitling the holder to subscribe for one Class "B" common share at \$0.15 for a period of 3 years. The gross proceeds of this placement in the amount of \$1,675,000 were presented net of the fair value of the warrants, in the amount of \$340,900.

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13- STOCK OPTIONS AND WARRANTS

The shareholders of the Company approved a stock option plan (the "Plan") whereby the Board of Directors may grant to directors, officers, employees and suppliers of the Company, share purchase options to acquire shares of the Company. It was first adopted in October 1996 and approved by the shareholders of the Company on December 1st, 1997, and has subsequently been amended a few times with the approval of the shareholders in December 2001 and December 2012. The exercise price cannot be lower than the market price of the shares at the time of grant.

The Plan provides that the maximum number of shares in the capital of the Company that can be reserved for issuance under the Plan shall be equal to 14,500,000 shares. The maximum number of shares that can be reserved for issuance of options to any one person may not exceed 5% of the outstanding shares at the time of grant and the maximum number of shares which may be reserved for issuance to an investor relations representative, a consultant or a supplier may not exceed 2% of the outstanding shares at the time of grant.

The acquisition conditions of share purchase options are without restriction. However, the options granted to investor relations representatives will be acquired at a rate of 25% per quarter. The options will expire no later than five years after being granted.

Stock Options

Changes in the Company' stock options were as follows:

	December 31,		June 30,	
	2022		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, at the beginning	2,800,000	0.09	6,900,000	0.12
Exercised	-	-	-	-
Granted	1,000,000	0.05	2,000,000	0.10
Cancelled and expired	-	-	(6,100,000)	0.125
Outstanding and exercisable, at the end	<u>3,800,000</u>	0.08	<u>2,800,000</u>	0.09

During the quarter ending December 31, 2022, the Company granted stock options to an officer of the Company. The weighted average fair value of \$0.06 for the options was determined using the Black-Scholes valuation model and the following weighted average assumptions:

	December 31,	June 30,
	2022	2022
Average price of the share at the date of the grant	\$0.04	\$0.09
Expected dividend rate	-	-
Expected average volatility	75%	71%
Average risk-free interest rate	3.78%	2.52%
Average contractual life	3 years	5 years
Average exercise price	\$0.05	\$0.10

The underlying expected volatility has been determined against historical data for the Company's shares over the average expected life.

In total, an amount of \$21,000 (\$103,000 as at June 30, 2022) of share-based compensation was recognized in net income and credited to contributed surplus.

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13- STOCK OPTIONS AND WARRANTS (continued)
Stock Options (continued)

The following tables summarize the information pertaining to the stock options granted under the plan:

Outstanding as at December 31, 2022	Weighted average remaining contractual life	Exercise price
800,000	1 year	0.07
1,000,000	2.9 years	0.05
<u>2,000,000</u>	4.3 years	0.10
<u>3,800,000</u>		

Outstanding as at June 30, 2022	Weighted average remaining contractual life	Exercise price
800,000	1.5 years	\$ 0.07
<u>2,000,000</u>	4.8 years	0.10
<u>2,800,000</u>		

Warrants to investors

Changes in the Company' Warrants were as follows:

	December 31, 2022		June 30, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, at beginning	16,750,000	0.15	-	-
Granted	<u>20,525,000</u>	0.15	<u>16,750,000</u>	0.15
Outstanding and exercisable, at the end	<u>37,275,000</u>	0.15	<u>16,750,000</u>	0.15

During the quarter, the Company issued warrants to investors in connection with private placements. The weighted average relative fair value of \$0.0123 (\$0.0203 as at June 30, 2022) of the warrants was determined using the Black-Scholes valuation model and the following weighted average assumptions:

	December 31, 2022	June 30, 2022
Average share price at the date of the grant	\$0.05	\$0.06
Expected dividend rate	-	-
Expected average volatility	71%	72%
Average risk-free interest rate	3.38%	2.67%
Average contractual life	3 years	3 years
Average exercise price	\$0.15	\$0.15

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13- STOCK OPTIONS AND WARRANTS (continued)

Warrants to investors (continued)

The following tables summarize the information pertaining to the warrants to investors:

Outstanding as at December 31, 2022	Exercise price	Expiration date
	\$	
16,750,000	0.15	July 2025
20,025,000	0.15	September 2025
<u>500,000</u>	0.15	October 2025
<u>37,275,000</u>		

Outstanding as at June 30, 2022	Exercise price	Expiration date
	\$	
<u>16,750,000</u>	0.15	July 2025

Warrants to intermediaries

Changes in the Company intermediaries' warrants were as follows:

	December 31, 2022		June 30, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, at the beginning	-	-	-	-
Granted	<u>1,162,000</u>	0.15	<u>-</u>	-
Outstanding and exercisable, at the end	<u>1,162,000</u>	0.15	<u>-</u>	-

During the six-month period ended December 31, 2022, the Company issued non-transferable warrants to intermediaries in connection with private placements. The weighted average relative fair value of \$0.0119 of the warrants was determined using the Black-Scholes valuation model and the following weighted average assumptions:

	December 31, 2022
Average share price at the date of the grant	\$0.052
Expected dividend rate	-
Average expected volatility	71%
Risk-free interest rate expected	3.37%
Average expected life	3 years
Average exercise price	\$0.15

The underlying expected volatility has been determined against historical data for the Company's shares over the average expected life.

In total, an amount of \$13,800 was recorded as share issue costs in the deficit and credited to contributed surplus.

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13- STOCK OPTIONS AND WARRANTS (continued)

The following tables summarize the information pertaining to intermediaries' warrants:

Outstanding as at December 31, 2022	Exercise price \$	Expiration date
862,500	0.15	July 2025
<u>300,000</u>	0.15	September 2025
<u>1,162,000</u>		

14- REVENUE

	December 31, 2022		December 31, 2021	
	3 months	6 months	3 months	6 months
			\$	\$
Gold and silver sales	4,053,550	6,733,489	7,132,229	14,213,028
Analysis service	-	-	15,996	36,006
Other income	<u>65,388</u>	<u>77,384</u>	-	-
	<u>4,118,938</u>	<u>6,810,873</u>	<u>7,148,225</u>	<u>14,249,034</u>

15 - RELATED PARTY TRANSACTIONS

Key Management of the Company are the senior officers, namely the Chief Executive Officer as well as the Chief Financial Officer and the directors.

Remuneration of the senior officers includes the following expenses:

	December 31, 2021		December 31, 2020	
	3 months	6 months	3 months	6 months
	\$	\$	\$	\$
Consulting fees ⁽¹⁾	-	-	74,880	173,724
Salaries and benefits	<u>178,802</u>	<u>318,171</u>	<u>20,969</u>	<u>35,893</u>
Total remuneration	<u>178,802</u>	<u>318,171</u>	<u>95,849</u>	<u>209,617</u>

- (1) Consulting fees paid to a company controlled by the Chief Executive Officer and President of the Company for his services up to April 15, 2022.

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15 - RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

In addition to the amounts listed above as compensation to senior officers, following are the related party transactions for the period ended December 31, 2022, and 2021:

	December 31 2022		December 31, 2021	
	3 months	6 months	3 months	6 months
	\$	\$	\$	\$
Payment of a royalty (2% NSR on the Elder property) to a company controlled by one of the directors of the Company (CEO and President of the Company as at December 31, 2021)	56,806	96,778	124,393	256,058
Professional fees with a firm in which one of the directors of the Company is a partner.	70,153	142,442	-	21,888

As at December 31, 2022, the due to related parties was \$130,277 (\$315,541 as at December 31, 2021). These transactions took place in the normal course of business and were measured at the exchange amount, which is the consideration established and agreed to by the parties. Unless otherwise stated, none of the transactions have special features or conditions, and no warranties have been given or received. Outstanding balances are usually settled in cash.

16- CAPITAL MANAGEMENT POLICIES AND PROCEDURES

As at December 31, 2022, the Company's capital is made up of shareholders' equity which amounts to \$6,157,436 (\$5,698,004 as at June 30, 2022). The Company's capital management objective is to ensure that it has sufficient capital to meet its obligations with respect to its operations and its exploration and evaluation plan and thus ensure the growth of its activities. It also aims to ensure that it has sufficient cash to fund its operations, exploration, and evaluation costs, investing activities and working capital requirements.

There were no significant changes to the capital management policy approach during the six months period ended December 31, 2022. The Company is subject to regulatory requirements in relation to the use of funds raised through flow-through financings, which must be spent on eligible prospecting and evaluation expenses. During the year, the Company complied with these regulatory requirements. Other than flow-through financings, the Company is not subject to any externally imposed capital requirements.

17- COMMITMENTS

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative tax consequences for the Company or for the investors. In the past, the Company has respected all its obligations under the flow-through share agreements signed. During the reporting period ended December 31, 2022, the Company received \$1,158,000 (none in 2021) following flow-through placements for which the Company renounced tax deductions to investors as at December 31, 2022. Management is required to fulfil its commitments within the stipulated deadline of one year from this date.

As at December 31, 2022, the product of unspent funding related to flow-through financings totals \$1,158,000 (no amount as at December 2021) to be spend before December 31, 2023.

18- SEGMENTED INFORMATION

The Company operates a gold mine in Quebec as well as several exploration and evaluation properties in the same area. These operating sites are managed separately. The Company assesses the performance of each segment based on earnings before taxes. Accounting policies for each segment are the same as those used for the preparation of the financial statements.

There was no difference as at December 31, 2022, compared to the annual financial statements ended June 30, 2022, in the basis of segmentation or the basis of evaluation of segment result.

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18- SEGMENTED INFORMATION (continued)

Three and six months ended December 31, 2022

Segmented information concerning the statement of comprehensive income

	Operating mining site		Exploration and development		Corporate		Total	
	\$		\$		\$		\$	
	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months
Revenue	4,118,938	6,810,873	-	-	-	-	4,118,938	6,810,873
Mining operating costs	1,986,080	4,758,796	-	-	-	-	1,986,080	4,758,796
Amortization and depletion	15,434	35,542	-	-	-	-	15,434	35,542
Cost of sales	2,001,514	4,794,338	-	-	-	-	2,001,514	4,794,338
GROSS PROFIT	2,117,424	2,016,535	-	-	-	-	2,117,424	2,016,535
Expenses	-	-	-	-	1,714,040	2,712,665	1,714,040	2,712,665
Amortization of property, plant and equipment	-	-	-	-	6,391	8,906	9,391	8,906
	-	-	-	-	1,720,431	2,721,571	1,720,431	2,721,571
OPERATING EARNINGS (LOSS)	2,117,424	2,016,535	-	-	(1,720,431)	(2,721,571)	396,993	(705,036)
REVENUE AND FINANCE COSTS	5,019	9,042	44,109	82,131	3,714	4,203	52,842	95,376
EARNINGS (LOSS) BEFORE TAXES	2,112,405	2,007,493	(44,109)	(82,131)	(1,724,145)	(2,725,774)	344,151	(800,412)
Addition to property, plant and equipment	-	-	720,645	1,050,168	42,285	55,084	762,930	1,105,252
Addition to exploration and evaluation expenses	-	-	142,074	203,213	-	-	142,074	203,213
Current assets		2,064,303		-		44,280		2,108,583
Restoration deposit		497,572		5,370,214		-		5,867,786
Property, plant and equipment		37,263		9,259,407		70,660		9,367,330
Exploration and evaluation assets		-		1,262,550		-		1,262,550
Total assets		2,599,138		15,892,171		114,940		18,606,249