



## **Delta Resources Limited**

### **(An exploration stage company) Condensed Interim Financial Statements (Unaudited)**

*For the three- and nine-month periods ended September 30, 2022*

#### **MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if any auditor has not performed a review of the condensed 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 financial statements of 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 the Canadian Institute of Chartered Accountants for a review of interim condensed financial statements by an entity's auditor.

**Delta Resources Limited**  
**(An exploration stage company)**  
**Contents**

*For the three- and nine-month periods ended September 30, 2022*

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**Delta Resources Limited**  
(An exploration stage company)  
Statements of financial position  
(In Canadian dollars)

	As at September 30, 2022 \$	As at December 31, 2021 \$
<b>ASSETS</b>		
Current assets:		
Cash	421,509	3,612,736
Other receivable	32,894	21,000
Sales tax receivable	111,389	109,586
Refundable tax credit on mining duties and refundable tax credit related to resources	665,897	595,301
Prepaid expenses	64,256	28,685
	<b>1,295,945</b>	<b>4,367,308</b>
Non-current assets:		
Property and equipment (Note 5)	5,300	50,664
	<b>5,300</b>	<b>50,664</b>
<b>Total assets</b>	<b>1,301,245</b>	<b>4,417,972</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Notes 6 and 12)	306,163	384,133
Other liabilities related to flow-through shares (Note 7)	-	300,030
Current portion of the long-term debt (Note 8)	-	30,000
	<b>306,163</b>	<b>714,163</b>
Non-Current Liabilities :		
Long-term debt (note 8)	30,000	-
	<b>30,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>336,163</b>	<b>714,163</b>
<b>EQUITY</b>		
Common shares and warrants (Note 9)	35,799,960	35,793,654
Contributed surplus	8,030,862	7,710,475
Deficit	(42,865,740)	(39,800,320)
<b>Total equity</b>	<b>965,082</b>	<b>3,703,809</b>
<b>Total liabilities and equity</b>	<b>1,301,245</b>	<b>4,417,972</b>

Going concern, related party transactions, contingent liabilities, commitments and subsequent events (Notes 3, 12, 13, 14 and 18).

These financial statements were approved by the Company's board of directors on November 24, 2022.

*"Frank Candido"*

*"Sara Paquet"*

Frank Candido, Director

Sara Paquet, Director

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

**Delta Resources Limited**  
**(An exploration stage company)**  
**Statements of loss and comprehensive loss**  
For the three- and nine-month periods ended September 30  
(In Canadian dollars)

	Three-month period ended September 30		Nine-month period ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Operating Expenses</b>				
Exploration and evaluation expenditures (Note 10)	349,439	(235,264)	2,738,500	224,045
Shareholders' information	12,870	4,637	78,274	41,507
Legal, financial and other corporate expenses	55,596	46,800	258,236	175,500
Salaries and fringe benefits (Note 12)	24,420	18,143	60,277	59,811
Travel	3,378	-	8,927	-
Management fees (Note 12)	15,000	15,000	45,000	45,000
General administrative expenses	10,910	7,895	30,892	23,196
Depreciation of property and equipment (Note 5)	545	288	1,273	854
Share-based compensation (Note 9)	-	-	320,387	-
Part XII.6 Taxes	2,325	-	4,541	-
	<b>474,483</b>	<b>(142,501)</b>	<b>3,546,307</b>	<b>569,913</b>
<b>Other Income</b>				
Other revenues	-	-	1,630	300
Interest income	1,496	698	2,902	2,287
Gain on disposal of property and equipment	-	-	176,325	-
	<b>1,496</b>	<b>698</b>	<b>180,857</b>	<b>2,587</b>
Loss before income taxes	<b>472,987</b>	143,199	<b>3,365,450</b>	(567,326)
Deferred income taxes	<b>27,415</b>	-	<b>300,030</b>	-
(Loss) income and comprehensive (loss) income for the period	<b>(445,572)</b>	143,199	<b>(3,065,420)</b>	(567,326)
Basic and fully diluted loss per common share (Note 16)	<b>(0.009)</b>	(0.003)	<b>(0.062)</b>	(0.015)
Weighted average number of shares outstanding (Note 16)	<b>49,326,674</b>	36,399,941	<b>49,273,194</b>	36,742,949

The accompanying notes are an integral part of these financial statements

**Delta Resources Limited**

(An exploration stage company)

**Statements of cash flows**

For the three-and nine-month periods ended September 30

(In Canadian dollars)

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Operating activities:</b>				
Net (loss) income and comprehensive (loss) income for the period	(445,572)	143,199	(3,065,420)	(567,326)
Items not involving cash:				
Refundable tax credit on mining duties and refundable tax credit related to resources	(70,596)	(139,164)	(70,596)	28,058
Gain on disposal of property	-	-	(176,325)	-
Share-based compensation	-	-	320,387	-
Depreciation of property and equipment	545	288	1,273	854
Share issuance in consideration of exploration and evaluation expenditures (Note 9)	-	68,000	10,000	110,000
Deferred income taxes	(27,415)	-	(300,030)	-
	(543,038)	72,323	(3,280,711)	(428,414)
Net change in non-cash operating working capital items (Note 11)	(164,859)	76,144	(127,238)	(177,663)
Cash flows related to operating activities	(707,897)	148,467	(3,407,949)	(606,077)
<b>Investing activities:</b>				
Acquisition of property and equipment	(2,990)	-	(6,184)	-
Disposal	-	-	226,600	-
Cash flows related to investing activities	(2,990)	-	220,416	-
<b>Financing activities:</b>				
Cash inflow related to share capital	-	-	-	300,000
Issuance of shares and warrants	-	3,750	-	77,330
Share issue costs	-	(750)	(3,694)	(15,130)
Cash flows related to financing activities	-	3,000	(3,694)	362,200
(Decrease) Increase in cash	(710,887)	151,467	(3,191,227)	(243,877)
Cash, beginning of period	1,132,396	817,071	3,612,736	1,212,415
Cash, end of period	421,509	968,538	421,509	968,538

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

**Delta Resources Limited****(An exploration stage company)****Statements of changes in equity (deficiency)***For the three-and nine-month period ended September 30**(in Canadian dollars)*

	Common shares (note 9)	Common shares and warrants \$ (note 9)	Contributed Surplus \$ (note 9)	Deficit \$	Total \$
Balance, January 1, 2022	<b>49,226,674</b>	<b>35,793,654</b>	<b>7,710,475</b>	<b>(39,800,320)</b>	<b>3,703,809</b>
Options issued	-	-	<b>320,387</b>	-	<b>320,387</b>
Share issuance in consideration of exploration and evaluation expenditures	<b>100,000</b>	<b>10,000</b>	-	-	<b>10,000</b>
Share issue costs	-	<b>(3,694)</b>	-	-	<b>(3,694)</b>
Net loss and comprehensive loss for the period	-	-	-	<b>(3,065,420)</b>	<b>(3,065,420)</b>
Balance, September 30, 2022	<b>49,326,674</b>	<b>35,799,960</b>	<b>8,030,862</b>	<b>(42,865,740)</b>	<b>965,082</b>
Balance, January 1, 2021	<b>35,347,907</b>	<b>32,220,814</b>	<b>7,549,285</b>	<b>(38,282,260)</b>	<b>1,487,839</b>
Shares and warrants issuance	<b>1,157,142</b>	<b>410,000</b>	-	-	<b>410,000</b>
Warrants exercised	<b>502,900</b>	<b>77,330</b>	-	-	<b>77,330</b>
Share issue costs	-	<b>(15,130)</b>	-	-	<b>(15,130)</b>
Net loss and comprehensive loss for the period	-	-	-	<b>(567,326)</b>	<b>(567,326)</b>
Balance, September 30, 2021	<b>37,007,949</b>	<b>32,693,014</b>	<b>7,549,285</b>	<b>(38,849,586)</b>	<b>(1,392,713)</b>

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

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

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## 1. Statute of incorporation and nature of activities

Delta Resources Limited (the “Company”) is a corporation continued under the Business Corporations Act (Ontario) incorporated on January 19, 1946. The Company changed its name to Delta Resources Limited from Golden Hope Mines Limited in June 2019. The Company’s principal operations are mining properties and exploration expenditures made on properties that are not in commercial production. The Company is exploring its mining properties and has not determined whether or not the properties contain economically recoverable resources. The address of the registered office is 1718, Christine Crescent, Kingston, Ontario, Canada, K7L 4V4.

The Company’s shares are traded on the TSX Venture Exchange under the symbol DLTA, on the Over-The-Counter Bulletin Board (OTCBB) under the symbol DTARF and on the Frankfurt Stock Exchange under the symbol 6G01.

## 2. Basis of preparation

### Statement of Compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation of the financial statements for the year ended December 31, 2021. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2021 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

The Board of Directors approved these financial statements on November 24, 2022.

### Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, unless specifically stated in the financial statements.

### Functional and Presentation currency

These financial statements are presented in Canadian Dollars because that is the currency of the primary economic environment in which the Company operates, and is the functional currency of the Company.

### Government assistance

Government grant is recognized when there is reasonable assurance of its recovery and recorded as a reduction of the related expense or cost of the asset acquired, as applicable.

## 3. Going concern

The Company has not yet determined whether its mining properties contain mineral deposits that are economically recoverable. The recoverability of mining properties is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; and the ability to obtain the financing required to complete exploration, evaluation, development and construction or the proceeds from the sale of such assets.

The accompanying financial statements have been prepared using assumptions applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30

(in Canadian dollars)

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### 3. Going concern – Cont'd

Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

The Company had recurring losses in the current and prior years, including a net loss of \$3,065,420 for the nine-month period ended September 30, 2022, has an accumulated deficit of \$42,865,740 (2021 - \$38,849,586) since its inception, and expects to incur further losses in the development of its business. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in the discovery of economically recoverable reserves and resources and/or profitable mining operations.

In addition to ongoing working capital requirements, the Company must secure sufficient funding for the exploration and evaluation programs and pay general and administrative costs. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. As at September 30, 2022, the Company has a working capital of \$989,782 (2021 - \$1,371,761). Management estimates that funds on hand will not be sufficient to meet the Company's obligations and commitments and to pursue and complete the development of its mining properties. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, reduction in expenditures and/or the introduction of joint venture partners and/or business combinations on terms which are acceptable to the Company. Although the Company has been successful in the past at raising funds, there can be no assurance the Company will be able to secure financing in the future or that these sources of funding will be available.

### COVID-19 estimation uncertainty

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the outbreak of the Coronavirus (COVID-19) on its operations, it had continued to operate during the current pandemic. During the year ended December 31, 2021, the Company received an interest-free loan of \$40,000 under the Canada Emergency Business account program (see Note 8). In the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

### 4. Critical accounting estimates, judgments

When preparing its financial statements, management undertakes a number 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 in the audited financial statement ended December 31, 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.



#### **4. Critical accounting estimates, judgments – Cont'd**

Significant areas requiring the uses of management estimates relate to determining the fair value of share purchase options granted and significant areas requiring the uses of management judgments relate to determining the refundable tax credit on mining duties and refundable tax credit related to resources and the ability to continue as a going concern.

##### **Judgments**

###### **Going concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

##### **Estimates**

###### **Estimate of the fair value of share options**

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options at the grant date is based on the legal life of the share options and the historical exercise pattern of option holders. Management also estimates the expected forfeitures in calculating the fair value of each option. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate.

Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instruments issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information is available.

**Delta Resources Limited**

(An exploration stage company)

**Notes to financial statements**For the three-and nine-month periods ended September 30  
(in Canadian dollars)**5. Property and equipment**

	Building	Land	Computer	Total
	\$	\$	\$	\$
<b>2022</b>				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Additions	-	-	3,194	6,184
Disposal	(41,712)	(25,351)	-	(67,063)
Balance at September 30	-	-	4,744	7,734
Accumulated Depreciation:				
Balance at January 1	(16,540)	-	(1,409)	(17,949)
Additions	(248)	-	(816)	(1,273)
Disposal	16,788	-	-	16,788
Balance at September 30	-	-	(2,225)	(2,434)
Net book value	-	-	2,519	5,300
<b>2021</b>				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at September 30	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(15,491)	-	(1,316)	(16,807)
Additions	(784)	-	(70)	(854)
Balance at September 30	(16,275)	-	(1,386)	(17,661)
Net book value	25,437	25,351	164	50,952

The building represents a warehouse at Ste-Justine, Quebec, for exploration site storage.

**6. Accounts payable and accrued liabilities**

	September 30, 2022	December 31, 2021
	\$	\$
Trade payable	292,807	325,072
Accruals	13,356	59,061
	<b>306,163</b>	<b>384,133</b>

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

## 7. Other liabilities related to flow-through shares

	September 30, 2022 \$	December 31, 2021 \$
Balance, beginning of period	300,030	-
Increase in the period	-	337,873
Decrease related to the incurring of expenses	<u>(300,030)</u>	<u>(37,843)</u>
Balance, end of period	<u>-</u>	<u>300,030</u>

Other liabilities related to flow-through shares represents the renunciation of tax deductions to investors following flow-through shares financing.

During the year ended December 31, 2021, the Company committed to pay, before December 31, 2022, \$2,892,200 in eligible exploration and evaluation expenses, in accordance with the Income Tax Act of Canada and the Taxation Act of Quebec, and to transfer these tax deductions to investors in flow-through share investments completed in 2021. As at September 30, 2022, the Company has fulfilled its obligation by incurring an amount of \$2,892,200 in exploration and evaluation expenditures before December 31, 2022.

The disallowance of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such an event, the Company would indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

## 8. Long-term debt

	September 30, 2022 \$	December 31, 2021 \$
Balance, beginning of period	30,000	30,000
Minus: Current portion	-	(30,000)
<b>Balance, end of period</b>	<b>30,000</b>	<b>-</b>

On May 7, 2020, the Company received an interest-free loan of \$40,000 under the Canada Emergency Business account program. The loan will mature on December 31, 2023. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25%. The Company has a reasonable assurance that the loan will be repaid by December 2023 and will receive the loan forgiveness. Therefore, the Company recorded in 2020 an amount of \$10,000 under government grant in the statement of net loss and comprehensive loss.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30

(in Canadian dollars)

## 9. Common shares and warrants

*Authorized:* An unlimited number common shares, without par value:

Changes in Company common shares and warrants were as follows:

	September 30, 2022		December 31, 2021	
	Number	Amount \$	Number	Amount \$
<b>Balance, beginning of period</b>	<b>49,226,674</b>	<b>35,793,654</b>	35,347,907	32,220,814
Shares issued pursuant to private placements <sup>(2)(7)(16)</sup>	-	-	3,346,955	972,249
Shares issued pursuant to flow-through placement <sup>(3)(4)(8)(9)</sup>	-	-	8,697,031	2,554,327
Share issuance in consideration of exploration and evaluation expenditures <sup>(1)(10)(11)(12)(15)</sup>	<b>100,000</b>	<b>10,000</b>	1,267,281	389,203
Warrants exercised <sup>(5)(6)(13)(14)(17)</sup>	-	-	567,500	99,520
Share issue costs	-	<b>(3,694)</b>	-	(442,459)
<b>Balance, end of period</b>	<b>49,326,674</b>	<b>35,799,960</b>	49,226,674	35,793,654

- (1) On May 27, 2022, the Company issued 100,000 common shares under the Option Agreement related to the Dollier Property. The total fair value of the common shares issued of \$10,000 was determined using the closing price on the TSX Venture Exchange as at May 26, 2022.
- (2) On December 21, 2021, the Company issued 503,703 units at a price of \$0.27 per unit, for gross proceeds of \$136,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.40 for a 24-month period.
- (3) On December 21, 2021, the Company issued 161,290 National Flow-Through units at a price of \$0.31 per unit, for gross proceeds of \$49,999.90. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24-month period. An amount of \$49,999.90 was allocated to share capital, while \$11,290 was attributed to other liabilities related to flow-through shares (Note 7).
- (4) On December 21, 2021, the Company issued 44,117 Quebec Flow-Through units at a price of \$0.34 per unit, for gross proceeds of \$14,999.78. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24-month period. An amount of \$14,999.78 was allocated to share capital, while \$4,412 was attributed to other liabilities related to flow-through shares (Note 7).
- (5) On December 16, 2021, the Company received \$10,400 following the exercise of 52,000 broker warrants at \$0.20 each.
- (6) On December 10, 2021, the Company received \$2,520 following the exercise of 12,600 broker warrants at \$0.20 each.
- (7) On December 1, 2021, the Company issued 1,986,110 units at a price of \$0.27 per unit, for gross proceeds of \$536,249. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.40 for a 24-month period.

## Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

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### 9. Common shares and warrants – Cont'd

- (8) On December 1, 2021, the Company issued 1,998,389 National Flow-Through units at a price of \$0.31 per unit, for gross proceeds of \$619,500.59. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24-month period. An amount of \$619,500.59 was allocated to share capital, while \$29,976 was attributed to other liabilities related to flow-through shares (Note 7).
- (9) On December 1, 2021, the Company issued 6,493,235 Quebec Flow-Through units at a price of \$0.34 per unit, for gross proceeds of \$2,207,699.90. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24-month period. An amount of \$2,207,699.90 was allocated to share capital, while \$292,195 was attributed to other liabilities related to flow-through shares (Note 7).
- (10) On October 18, 2021, the Company issued 800,000 common shares pursuant to the Delta-2 / R-14 Property Agreement. The total fair value of the common shares issued of \$224,000 was determined using the closing price on the TSX Venture Exchange as at October 18, 2021.
- (11) On October 2, 2021, the Company issued 167,281 common shares pursuant to the Delta-1 / Eureka Property Agreement. The total fair value of the common shares issued of \$55,203 was determined using the closing price on the TSX Venture Exchange as at October 2, 2021.
- (12) On July 23, 2021, the Company issued 200,000 common shares pursuant to the acquisition of a 100% interest in 8 (30 Units) in Blackwell, Laurie, Dawson Road Lots and Goldie Townships in Thunder Bay, Ontario and contiguous to the Delta-1 - Eureka property. The total fair value of the common shares issued of \$68,000 was determined using the closing price on the TSX Venture Exchange as at July 23, 2021.
- (13) On July 11, 2021, the Company received \$3,750 following the exercise of 12,500 warrants at \$0.30 each.
- (14) In April, May and June 2021, the Company received \$70,500 following the exercise of 475,000 warrants between \$0.12 and \$0.30 each.
- (15) On May 28, 2021, the Company issued 100,000 common shares following the TSX Venture's approval on the Option Agreement related to the Dollier Property. The total fair value of the common shares issued of \$42,000 was determined using the closing price on the TSX Venture Exchange as at May 28, 2021.
- (16) On February 3, 2021, the Company issued 857,142 units at a price of \$0.35 per unit, for gross proceeds of \$300,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24-month period.
- (17) On January 27, 2021, the Company received \$3,080 following the exercise of 15,400 broker warrants at \$0.20 each.

**Delta Resources Limited**

(An exploration stage company)

**Notes to financial statements**For the three-and nine-month periods ended September 30  
(in Canadian dollars)**9. Common shares and warrants – Cont'd****Warrants issued and outstanding**

Changes in share purchase warrants were as follows:

	September 30, 2022		December 31, 2021	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>11,098,772</b>	<b>\$0.37</b>	7,939,281	\$0.28
Issued	-	-	6,021,991	0.44
Expired	<b>5,076,781</b>	<b>0.29</b>	(2,375,000)	0.30
Warrants exercised <sup>(1)</sup>	-	-	(487,500)	0.15
<b>Balance, end of period</b>	<b>6,021,991</b>	<b>\$0.44</b>	11,098,772	\$0.37

(1) Between April and July 2021, the Company received \$74,250 following the exercise of 487,500 warrants at a price between \$0.12 and \$0.30 each.

At September 30, 2022, the following exercisable warrants were outstanding:

Warrants	Price	Expiry
428,570	0.45	February 3, 2023
4,245,812	0.45	December 1, 2023
993,055	0.40	December 1, 2023
102,703	0.45	December 21, 2023
251,851	0.40	December 21, 2023
<b>6,021,991</b>	<b>\$0.46</b>	

**Broker warrants issued and outstanding**

Changes in broker warrants were as follows:

	September 30, 2022		December 31, 2021	
	Number of broker warrants	Weighted Average Exercise Price	Number of broker warrants	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>661,263</b>	<b>\$0.44</b>	114,650	\$0.25
Issued <sup>(3)(4)</sup>	-	-	626,613	0.45
Exercised <sup>(1)(2)(5)</sup>	<b>(34,650)</b>	<b>0.35</b>	(80,000)	0.20
<b>Balance, end of period</b>	<b>626,613</b>	<b>\$0.45</b>	661,263	\$0.44

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

## 9. Common shares and warrants – Cont'd

### Broker warrants issued and outstanding – Cont'd

- (1) On December 16, 2021, the Company received \$10,400 following the exercise of 52,000 broker warrants at \$0.20 each.
- (2) On December 10, 2021, the Company received \$2,520 following the exercise of 12,600 broker warrants at \$0.20 each.
- (3) On December 1, 2021, the Company issued 570,613 broker warrants as part of the private placements on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.45 for a 24 months period. The fair value of these options was \$155,123 based on the Black-Scholes option pricing model and based on the following assumptions: risk-free rate of 0.95%, life of 2 years, expected volatility of 249.5% and no expected dividends.
- (4) On December 1, 2021, the Company issued 56,000 broker warrants as part of the private placements on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.40 for a 24 months period. The fair value of these options was \$15,311 based on the Black-Scholes option pricing model, and based on the following assumptions: risk-free rate of 0.95%, life of 2 years, expected volatility of 249.5% and no expected dividends.
- (5) On January 27, 2021, the Company received \$3,080 following the exercise of 15,400 broker warrants at \$0.20 each.

At September 30, 2022, the following exercisable broker warrants were outstanding:

Broker warrants	Price	Expiry
56,000	0.40	December 1, 2023
570,613	0.45	December 1, 2023
626,613	\$0.45	

### Share-based compensation

A summary of the status of the Company's stock option plan as of September 30, 2022 is as follows:

	September 30, 2022		December 31 2021	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Balance, beginning of period	2,530,000	\$0.23	2,910,000	\$0.25
Issued <sup>(1)(2)</sup>	2,000,000	0.25	-	-
Expired unexercised	-	-	(380,000)	0.34
<b>Balance, end of period</b>	<b>4,530,000</b>	<b>\$0.24</b>	<b>2,530,000</b>	<b>\$0.23</b>

# Delta Resources Limited

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Notes to financial statements

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(in Canadian dollars)

## 9. Common shares and warrants – Cont'd

### Broker warrants issued and outstanding – Cont'd

- (1) On January 7, 2022, the Company granted 1,900,000 stock options to directors and officers at an exercise price of \$0.25 per common share expiring January 7, 2027. The fair value of these options was \$311,924 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 1.25%, life of 5 years, expected volatility of 82.5% and no expected dividends.
- (2) On March 21, 2022, the Company granted 100,000 stock options to a consultant at an exercise price of \$0.0.21 per common share expiring March 21, 2024. The fair value of these options was \$8,463 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 2.03%, life of 2 years, expected volatility of 79.4% and no expected dividends.

At June 30, 2022, the following exercisable stock options were outstanding:

Options	Exercisable	Price	Expiry
125,000	125,000	\$0.42	November 27, 2022
100,000	100,000	0.21	March 21, 2024
625,000	625,000	0.11	July 4, 2024
200,000	200,000	0.13	July 8, 2024
1,380,000	1,380,000	0.26	July 10, 2025
200,000	200,000	0.40	August 24, 2025
1,900,000	1,900,000	\$0.25	January 7, 2027
4,530,000	4,530,000		



## 10. Exploration and evaluation activities

The Company incurred the following evaluation and evaluation expenses for the nine-month period ended:

	September 30, 2022	September 30 2021
	\$	\$
Exploration and evaluation expenditures acquired	60,710	213,020
Fees related to the grant of options on mining project	10,000	33,000
Drilling	2,101,633	813,373
Airbone geophysics	175,443	-
Soil sampling and analysis	2,412	14,613
Trenching	-	150,746
Community consultation	-	134
Choice of area and review of previous data	156,116	7,377
Geology and prospection	75,052	86,846
General exploration expenses	49,219	31,451
Analysis	223,189	128,012
Airborne survey		19,197
Geophysical survey	142,221	41,557
Interpretation of geochemical, geophysical, geological surveys, modeling	55,395	71,797
Refundable tax credit on mining duties and refundable tax credit related to resources	(70,596)	(437,078)
Cash proceeds from the grant of options on Bellechasse property	(149,400)	(950,000)
Ontario Junior Exploration Program grant	(92,894)	-
	<b>2,738,500</b>	<b>224,045</b>

### Bellechasse Property

In March 2022, Delta received the final payment of \$400,000 from Yorkton Ventures for the sale of the Bellechasse-Timmins. Delta retains a 1% NSR.

### Delta-2 / R-14 Property

On October 17, 2019, the Company announced the signing of an exclusive agreement to acquire a 100% interest in the Delta-2 / R-14 Gold Property in the Chibougamau Mining District of Quebec.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

## 10. Exploration and evaluation activities - Cont'd

### Delta-2 / R-14 Property – Cont'd

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	\$0	1,000,000 (already issued)	n.a.
12 months	\$25,000 (already paid)	800,000 (already issued)	\$0
24 months	\$50,000 (already paid)	800,000 (already issued)	\$300,000 (condition fulfilled)
36 months	\$100,000	700,000	\$700,000

- The vendor holds a 2.0% NSR Royalty on the claims (except on the 41 legacy claims listed below). Delta may buy back 1.0% at any time for \$1,000,000.
- 41 legacy claims are subject to a 1.5% NSR Royalty. Delta has the option to purchase 0.75% of this NSR for \$500,000.

In February 2020, Delta has acquired 14 new claims contiguous to the Delta-2 / R-14 property, covering approximately 880 hectares. The terms of the agreement with Multi-Resources Boreal include a one-time payment of \$5,000.00 and the issuance of 50,000 shares for a 100% interest in the claims. Delta also grants a 2% NSR to Multi-Resources Boreal with an option for Delta to buy back a 1% NSR at anytime for \$1,000,000.

On May 20, 2020, Delta announced the addition, through staking, of an additional 30 claims, covering 1,669 hectares.

The property now consists of 332 (2021 - 320) contiguous mining claims covering a total area of 17,712.12 (2021 – 17,060.50) hectares.

### Delta-1 / Eureka Property

On October 3, 2019 the Company announced the signing of an exclusive agreement to acquire a 100% interest in the new Eureka gold Discovery in the Thunder Bay Mining District of Ontario.

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	\$25,000 (already paid)	500,000 (already issued)	n.a.
12 months	\$25,000 (already paid)	500,000 (already issued)	\$200,000 (condition fulfilled)
24 months	\$50,000 (already paid)	\$50,000* (167,281 shares already issued)	\$500,000 (condition fulfilled)
36 months	\$75,000	\$50,000*	\$1,000,000
48 months	\$150,000	n.a.	

\*Amount payable in shares to a maximum of 500,000 shares

## Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30

(in Canadian dollars)

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### 10. Exploration and evaluation activities - Cont'd

#### Delta-1 / Eureka Property – Cont'd

- The vendor holds a 1.75% NSR Royalty on the claims. Delta may buy back the first 0.75% at any time for seven years after the effective date of the agreement for \$500,000 and the remaining 1% Royalty at any time after the first 0.75% is purchased for \$4,000,000.
- Five legacy claims of the property are also subject to NSR Royalties ranging from 0.5% to 1% from an underlying agreement. Delta has the option to purchase 50% of this NSR for the sum of \$50,000.
- The agreement also includes advanced royalty payments starting 7 years after the effective date of the agreement.

In December 2019, the Company signed an agreement with the Ontario Exploration Corporation (**the “OEC”**) to buy back a NSR of up to 1% on its Eureka property in the Thunder Bay District, Ontario. Under the terms of the agreement, Delta now has the exclusive right to purchase 50% of the OEC NSR at Eureka by paying the OEC the sum of \$50,000 payable as follows:

- Payment of \$15,000 before December 31, 2019 (already paid);
- Payment of \$35,000 before May 31<sup>st</sup>, 2021 (already paid).

Once Delta exercises its right to buyback the first 50% of the OEC NSR, Delta shall have the right to purchase the second 50% tranche at anytime by paying the OEC an additional \$50,000. Following the purchase of the second 50% tranche, Delta will have purchased the entire NSR Royalty currently owned by the OEC on the Eureka Property.

The OEC currently owns between 0.5% and 1.0% NSR royalty on certain claims of the Eureka property. More specifically, the OEC owns a 1.0% NSR on the claims covering the Eureka Gold prospect, Matawin and Kaspar gold occurrences and a 0.5% NSR on the claims surrounding the Kaspar occurrence.

In July 2021, the Company announced the acquisition of a 100% interest in eight claims (30 Units) in Blackwell, Laurie, Dawson Road Lots and Goldie Townships in Thunder Bay, Ontario and contiguous to the Delta-1 - Eureka property. The Parties have agreed that Delta make a one-time \$6,000 payment (already paid) and the issue 200,000 common shares (already issued) of Delta to the Vendor for a 100% interest in the claims free and clear of encumbrances. The Vendor retains a 1.5% NSR royalty on the Property. Delta retains the right to buy back 0.5% of the NSR at any time for \$400,000 and retains a Right of First Refusal on the remaining 1% NSR royalty.

In April 2022, the Company has been accepted to participate in the second Ontario Junior Exploration Program intake for a maximum contribution of \$200,000 towards the costs of the Delta-1 / Eureka project to be incurred between April 1, 2022 and February 15, 2023. During the nine-month period ended September 30, 2022, the Company incurred 131,576\$ of costs admissible to his program and recorded against Exploration and evaluation expenditures a government assistance of \$92,894 of which \$60,000 was received and \$32,894 was accounted as receivable as of September 30, 2022.

The property now consists of 279 (2021 – 245) contiguous unpatented mining claims covering a total area of 5,201.7 (2021 - 4,495) hectares and also counts the Gravel Ridge properties which is contiguous or adjacent to the Delta-1 project in Ontario.

#### Dollier Property

In May 2021, the Company has optioned the Dollier Property in Chibougamau, Quebec from Cartier Resources Inc. (“Cartier”). Delta shall have the sole and exclusive right to earn a 100% interest.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

## 10. Exploration and evaluation activities - Cont'd

### Dollier Property – Cont'd

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	\$10,000 (already paid)	100,000 (already issued)	n.a.
12 months	n.a.	100,000 (already issued)	n.a.
24 months	n.a.	200,000	n.a.
36 months	n.a.	200,000	n.a.
48 months	n.a.	n.a.	\$1,000,000

Upon earning a 100% interest in the Dollier Property, Cartier will be granted a 2% NSR production royalty. Delta will have the exclusive right to purchase the first 1% NSR for \$2,000,000 and the second 1% NSR for \$15,000,000.

### Bylund Property

In August 2022, the Company has acquired the exclusive rights to buy the surface and mining rights to a property adjacent to its Delta-1 property in Thunder Bay, Ontario. The 85-hectare Bylund property is contiguous with the Delta-1 property, immediately east of the Eureka Gold.

Delta entered into a five-year lease agreement with the surface and mining rights landowners. During the five-year lease period, Delta will have the exclusive right to explore the property and to purchase a 100% interest in both the surface and mining rights to the property. Should Delta elect to purchase, it will pay market value times 10. Delta made a one-time cash payment of \$60,000 to the landowners. There are no work commitments nor were any shares of the Company issued. Should Delta elect to purchase the property during the five-year period, the landowners will retain a 2% NSR royalty of which Delta can elect to buy back 1% at anytime for the sum of \$1,000,000.

## 11. Complementary information related to cash flows

### Net change in non-cash operating working capital items:

	For the three-month Period ended September 30, 2022		For the nine-month Period ended September 30, 2022	
	2022	2021	2022	2021
	\$	\$	\$	\$
Sales tax receivable	116,783	(4,799)	(1,803)	79,925
Prepaid expenses	(37,307)	11,362	(35,571)	50,125
Other receivable	(31,020)	-	(11,894)	-
Accounts payable and accrued liabilities	(213,315)	69,581	(77,970)	(307,713)
	(164,859)	76,144	(127,238)	(177,663)

**Delta Resources Limited**  
**(An exploration stage company)**  
**Notes to financial statements**  
*For the three-and nine-month periods ended September 30*  
*(in Canadian dollars)*

## 12. Related party transactions

The following table reflects the remuneration of key management and directors of the Company:

	<b>September 30, 2022</b>	September 30, 2021
	<b>\$</b>	<b>\$</b>
General administrative expenses <sup>(1)</sup>	<b>59,279</b>	55,571
Management fees <sup>(2)</sup>	<b>45,000</b>	45,000
Professional fees <sup>(3)</sup>	<b>37,635</b>	21,252
Exploration and evaluation expenditures <sup>(1)(4)</sup>	<b>46,542</b>	116,011
Share-based payments	<b>262,673</b>	-
	<b>451,129</b>	237,834

(1) During the nine-month period ended September 30, 2022, a total of \$105,821 (\$95,410 in 2021) was paid to André C. Tessier, President and Chief Executive Officer of the Company. That total included (i) \$59,279 (\$55,571 in 2021) as general administrative expenses, (ii) \$46,542 (\$39,839 in 2021) for exploration and evaluation expenditures of the Company.

(2) During the nine-month period ended September 30, 2022, the Company incurred management fees in the amount of \$45,000 (2021 - \$45,000), with 9132-8757 Quebec Inc., a company owned by Frank Candido, the former President (now Chairman and Vice-President of Corporate Communications) of the Company. In relation with these transactions no amount was payable as at September 30, 2022 and 2021.

(3) During the nine-month period ended September 30, 2022, the Company incurred professional fees in the amount of \$37,635 (2021 - \$21,252), with Nathalie Laurin, the Chief Financial Officer of the Company. In relation with these transactions \$3,826 was payable as at September 30, 2022 and 2021.

(4) During the nine-month period ended September 30, 2022, the Company didn't incur exploration and evaluation expenditures (2021 - \$76,172), with 7529449 Canada Inc., a company owned by Michel Chapdelaine, the Former Vice President Exploration and Former Chief Operating Officer of the Company. In relation with these transactions, no amount was payable as at September 30, 2022 and 2021.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

## 13. Contingent liabilities

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that result from restoration costs will be accrued in the financial statements only when they will be reasonably restimated and will be charged to the earnings at that time.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-and nine-month periods ended September 30  
(in Canadian dollars)

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## 14. Commitments

In October 2020, the Company signed a lease contract for its Chibougamau office, starting January 1, 2021 and expiring in December 31, 2021. Minimum payments, totaling \$22,500, are solely comprised of payments to be made in 2022. In January 2022, the Company has renewed for an additional year at the same financial conditions.

Under rules established by the Ministère de l'Énergie et Ressources naturelles of the province of Québec, the Company is required to spend the amount of approximately \$17,163 to maintain the claims on its properties in 2022.

## 15. Capital management

The Company defines capital as equity amounting to \$882,188 as at September 30, 2022 (\$3,703,809 as at December 31, 2021).

The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements.

The Company has no externally imposed restrictions on capital. There were no significant changes in the Company's approach to capital management during the nine-month period ended September 30, 2022.

## 16. Loss per share

### (a) *Basic loss per share*

Basic loss per share is computed by dividing net loss for a period by the weighted average number of common shares outstanding during that period.

### (b) *Diluted loss per share*

Diluted loss per share is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported a net loss for the years ended December 31, 2021 and 2020; the Company has accordingly presented basic and diluted loss per share, which are the same, on a single line in the statements of loss and comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

## 17. Financial instruments

- a) Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to credit risk with respect to cash and other receivable. The carrying amount of these financial instruments represent the Company's maximum exposure to credit risk. Cash are composed of deposits with Canadian financial institutions.
- b) Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

## Delta Resources Limited

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### Notes to financial statements

For the three-and nine-month periods ended September 30  
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#### 17. Financial instruments – Cont'd

	Carrying amount	Contractual cashflows	0 to 12 months	12 to 24 months
	\$	\$	\$	\$
Accounts payable and accrued liabilities	306,163	306,163	306,163	-
Long-term debt	30,000	30,000	-	30,000

- c) The fair value of cash, other receivable, accounts payables and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of the long-term debt is determined on the basis of discounted cash flow using the rate applicable at the date of the statement of financial position for a given instrument. The rate is similar to the rate applicable to the long-term debt instruments. The fair value of the long-term debt approximates its book value.

#### 18. Subsequent events

In October 2022, the Company paid in cash an amount of \$75,000, issued 500,000 common shares of the Company pursuant to the third anniversary Eureka Property Agreement.

In October 2022, the Company paid in cash an amount of \$100,000 and issued 700,000 common shares of the Company pursuant to the third anniversary of R-14 Property Agreement. The Company also fulfilled its \$700,000 work commitment. The Delta-1 Property is now 100% owned by the Company.

Also, in October 2022, the Company received \$526,267 in tax credit.

On November 1, 2022, Delta entered into a five-year lease agreement with the surface and mining rights landowners of the Beaucage Property. During the five-year lease period, Delta will have the exclusive right to explore the property and to purchase a 100% interest in both the surface and mining rights to the property. Should Delta elect to purchase the property, it will pay market value times ten (10). Delta made a one-time cash payment of \$40,000 to the landowners and will also issue 100,000 shares of the Company per year for 5 years, starting upon the signing of the Agreement, subject to the TSX Venture Exchange's approval. There are no work commitments related to this lease agreement.