

# **Consolidated Tanager Limited**

**Financial Statements**  
**For the years ended June 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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To the Shareholders of Consolidated Tanager Limited:

## Opinion

We have audited the financial statements of Consolidated Tanager Limited (the "Company"), which comprise the statements of financial position as at June 30, 2023 and June 30, 2022, and the statements of operations and comprehensive (loss) income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and June 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

September 21, 2023

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Consolidated Tanager Limited**  
**Statements of Financial Position**  
**As at June 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

	Note	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 2,517,856	\$ 4,117,457
Short-term investments	3	1,933,726	2,087,099
Marketable securities	8	4,348,714	4,074,533
Income taxes receivable	9	104,762	53,894
Amounts receivable	4	123,580	22,795
Prepaid expenses		19,998	7,759
<b>Total Current Assets</b>		<b>9,048,636</b>	<b>10,363,537</b>
<b>Non-current assets</b>			
Mining properties	5	2	2
<b>Total Assets</b>		<b>\$ 9,048,638</b>	<b>\$ 10,363,539</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 47,400	\$ 39,790
Dividend payable		139,974	155,334
<b>Total Current Liabilities</b>		<b>187,374</b>	<b>195,124</b>
<b>Non-current liabilities</b>			
Deferred tax liability	9	10,124	19,601
<b>Total Liabilities</b>		<b>197,498</b>	<b>214,725</b>
<b>Shareholders' Equity</b>			
Share capital	7	507,501	507,501
Contributed surplus		339,878	339,878
Accumulated other comprehensive income		96,948	171,676
Retained earnings		7,906,813	9,129,759
<b>Total Shareholders' Equity</b>		<b>8,851,140</b>	<b>10,148,814</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 9,048,638</b>	<b>\$ 10,363,539</b>

Subsequent Event (Note 13)

APPROVED ON BEHALF OF THE BOARD

"E. Clifton"

Director (signed)

"C. F. Watson"

Director (signed)

**Consolidated Tanager Limited**  
**Statements of Operations and Comprehensive (Loss) Income**  
**For the years ended June 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

	Note	2023	2022
<b>Income</b>			
Investment income		\$ 380,569	\$ 262,689
Royalty income	5	-	283,394
Interest income on property rights	5	-	24,863
Gain on sale of property	5	-	20,000
		<b>380,569</b>	<b>590,946</b>
<b>Expenses</b>			
General corporate	6, 10	163,973	158,195
Property maintenance		58,261	40,038
Exploration expenses	5	348,359	-
		<b>570,593</b>	<b>198,233</b>
<b>(Loss) income before tax</b>		<b>(190,024)</b>	<b>392,713</b>
Current tax (recovery) expense	9	(86,415)	56,203
Deferred tax (recovery) expense	9	227	(15,409)
<b>Net (loss) income for the year</b>		<b>\$ (103,836)</b>	<b>\$ 351,919</b>
<b>Items not reclassified to net (loss) income:</b>			
Unrealized (loss) gain on marketable securities	8	(74,728)	(211,083)
Realized (loss) gain on sale of marketable securities	8	(44,640)	200,772
<b>Net (loss) income and comprehensive (loss) income for the year</b>		<b>\$ (223,204)</b>	<b>\$ 341,608</b>
<b>Net (loss) income and comprehensive (loss) income per share (basic and diluted)</b>		<b>\$ (0.02)</b>	<b>\$ 0.07</b>
<b>Weighted average number of shares outstanding (basic and diluted)</b>		<b>5,372,350</b>	<b>5,372,350</b>

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

**Consolidated Tanager Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years ended June 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

	<b>Common shares #</b>	<b>Share capital \$</b>	<b>Contributed surplus \$</b>	<b>Accumulated other comprehensive income \$</b>	<b>Retained earnings \$</b>	<b>Total shareholders' equity \$</b>
<b>Balance, June 30, 2021</b>	<b>5,372,350</b>	<b>507,501</b>	<b>339,878</b>	<b>382,759</b>	<b>9,517,233</b>	<b>10,747,371</b>
Dividends declared	-	-	-	-	(940,165)	(940,165)
Fair value adjustments, net of tax	-	-	-	(211,083)	200,772	(10,311)
Net income for the year	-	-	-	-	351,919	351,919
<b>Balance, June 30, 2022</b>	<b>5,372,350</b>	<b>507,501</b>	<b>339,878</b>	<b>171,676</b>	<b>9,129,759</b>	<b>10,148,814</b>
Dividends declared	-	-	-	-	(1,074,470)	(1,074,470)
Fair value adjustments, net of tax	-	-	-	(74,728)	(44,640)	(119,368)
Net loss for the year	-	-	-	-	(103,836)	(103,836)
<b>Balance, June 30, 2023</b>	<b>5,372,350</b>	<b>507,501</b>	<b>339,878</b>	<b>96,948</b>	<b>7,906,813</b>	<b>8,851,140</b>

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



**Consolidated Tanager Limited**  
**Statements of Cash Flows**  
**For the years ended June 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

	2023	2022
<b>Cash flow from operating activities</b>		
Net income (loss) before other comprehensive income	\$ (103,836)	\$ 351,919
Reinvested returns on marketable securities	(5,208)	-
Deferred tax provision	227	(15,409)
Changes in net working capital:		
Interest on property rights receivable ( <i>note 5</i> )	-	442,109
Royalties receivable ( <i>note 5</i> )	-	69,989
Income taxes receivable	(50,868)	(4,598)
Property rights receivable ( <i>note 5</i> )	-	1,250,000
Amounts receivable	(100,785)	(18,361)
Prepaid expenses	(12,239)	19,024
Accounts payable and accrued liabilities	7,610	8,531
	<b>(265,099)</b>	<b>2,103,204</b>
<b>Cash outflow from investing activities</b>		
Purchase of marketable securities	(469,557)	(1,819,718)
Redemption of marketable securities	71,512	1,170,789
Redemption (purchase) of short-term investments	153,373	(1,588,865)
	<b>(244,672)</b>	<b>(2,237,794)</b>
<b>Cash used in financing activities</b>		
Dividends declared	(1,074,470)	(940,165)
Change in dividends payable	(15,360)	134,685
	<b>(1,089,830)</b>	<b>(805,480)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,599,601)</b>	<b>(940,070)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,117,457</b>	<b>5,057,527</b>
<b>You in the Cash and cash equivalents, end of year</b>	<b>\$ 2,517,856</b>	<b>\$ 4,117,457</b>

## **1. Business of the Company**

Consolidated Tanager Limited (the "Company" or "Tanager") is incorporated under the Business Corporation Act of Ontario with a registered address at Suite 331 1900 Bayview, Toronto, Ontario. The Company holds resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out.

## **2. Significant Accounting Policies**

### **Statement of Compliance with International Financial Reporting Standards**

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations set by the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee, ("IFRIC")).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **Basis of presentation**

These financial statements have been prepared by management on a historical cost basis using the accrual basis of accounting, except for cash flow information and items recorded at fair value.

The functional and presentation currency for these financial statements is the Canadian dollar.

The financial statements were approved by the Company's Board of Directors and authorized for issue on September 20, 2023.

### **Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During the current period the Company had a significant judgement in determining the accounting policy decision for exploration costs under IFRS 6. Ultimately, the Company made the policy decision to expense the exploration costs as they are incurred.

## **2. Significant Accounting Policies - continued**

### **Financial instruments**

IFRS 9 - Financial instruments (“IFRS 9”) includes requirements and guidance for classification, recognition and measurement, impairment, de-recognition and general hedge accounting.

#### Financial assets

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: at fair value through profit or loss (“FVTPL”), amortized cost, or fair value through other comprehensive income (“FVOCI”). The Company determines the classification of its financial assets at initial recognition.

##### i. Financial assets recorded at FVTPL

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income (“FVOCI”). Gains or losses on these items are recognized in statements of operations and comprehensive (loss) income.

The Company’s short-term investments are classified as financial assets measured at FVTPL.

##### ii. Amortized cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other definitive evidence is received that a specific counterparty will default.

The Company’s cash and cash equivalents, royalties receivable, interest receivable on property rights, property rights receivable, and amounts receivables, excluding HST, are classified as financial assets measured at amortized cost.

##### iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the fair value through other comprehensive income election is made.

The Company’s marketable securities are classified as financial assets measured at FVTOCI through the election stated above.

#### Financial liabilities

All financial liabilities are recognized initially at fair value and subsequently at amortized cost.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

##### i. Amortized cost

Financial liabilities, including borrowings, are measured at fair value on initial recognition, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective yield basis is a method of calculating the unamortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flow payments over the expected life of the financial liability to the net carrying amount on initial recognition. The Company’s accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

The Company’s accounts payable and accrued liabilities approximate their amortized costs.

## **2. Significant Accounting Policies - continued**

### **Financial instruments – continued**

#### ii. Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they do not fall into amortized cost detailed above.

#### Transaction costs

Transaction costs associated with financial instruments, carried at fair value through statement of operations and comprehensive income, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

#### Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statements of operations and comprehensive (loss) income. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive (loss) income.

#### De-recognition of financial liability

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations and comprehensive (loss) income.

#### Expected credit loss impairment model

IFRS 9 includes a simplified expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company recognizes expected credit loss for amounts receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the amounts receivable. Currently the Company has \$nil credit loss on the receivables as at June 30, 2023 and June 30, 2022 as no amounts are derived from IFRS 15 revenue.

#### Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2023, and 2022, short-term investments and marketable securities - equity securities were measured at fair value and were classified within Level 1 of the fair value hierarchy.

## **2. Significant Accounting Policies - continued**

### **Cash and cash equivalents**

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less or which are readily convertible into a known amount of cash. As of June 30, 2023 and 2022 the Company had \$2,470,204 and \$4,007,633 respectively of cash and cash equivalents in the form of flexible cash and redeemable guaranteed investment certificates.

### **Short-term investments**

Short-term investments consist of guaranteed investment certificates ("GIC's") that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

### **Marketable securities**

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Investments in equity instruments are subsequently measured at fair value through other comprehensive income. Equity instruments that are not held for trading can be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income (loss). Cumulative gains and losses are transferred from accumulated other comprehensive income to retained earnings upon derecognition of the investment.

### **Revenue recognition**

In the current period there was no revenue from operations, however, the Company derived income from other sources, which comprised of interest and dividend income. Interest income is recognized over time as it is earned and dividend income is recognized when it is declared and becomes receivable.

### **Dividends**

From time to time as the Company sees fit, it may declare a dividend to the shareholders of record on a particular day.

### **Exploration Costs**

The Company has taken the election under IFRS 6 to expense exploration costs as they are incurred. During the periods ended June 30, 2023 and June 30, 2022 the Company expensed \$348,359 and \$nil of exploration costs respectively.

### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the benefits expected to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at June 30, 2023 and 2022.

## **2. Significant Accounting Policies - continued**

### **Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are often offset when there is a legally enforceable right to offset the tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

### **Income per share**

Basic income per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti dilutive.

### **Segment reporting**

The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

## **3. Short-Term Investments**

The Short-term investments held by the Company include a tiered savings account.

	<b>2023</b>	2022
Tiered Savings Account	\$ 1,933,726	\$ 2,087,099
Total	\$ 1,933,726	\$ 2,087,099

## **4. Amounts Receivable**

The Amounts Receivable held by the Company included interest receivable (earned from GICs and Tiered Savings Account), dividends receivable (earned from marketable securities), and GST/HST receivable.

	<b>2023</b>	2022
Interest Receivable	\$ 89,818	\$ 5,756
Dividends Receivable	20,891	15,069
GST/HST Receivable	12,871	1,970
Total	\$ 123,580	\$ 22,795

## **5. Mining Properties**

The investments in the following properties were written down to \$2 in a prior year.

### **Hinton Coal Property of Alberta**

The Hinton Coal property comprises 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with KC Euroholdings S.a.r.l. ("KCE") operating in Canada as "Coalspur" to transfer the rights of the Hinton Coal property to Coalspur in consideration for three scheduled cash payments and the reservation of a 1.0% of Sales Revenue royalty on all future coal sales from the property. An initial cash payment of \$2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement, and upon completion of a favourable feasibility study during in 2012, the Company received a second cash payment of \$6,000,000. The Company was entitled to receive a further payment of \$10,000,000 on or before the earlier of February 19, 2016 or on the placing of the property into commercial production at a rate of at least 90,000 tonnes per month.

Coalspur Mines (Coalspur) Ltd. commenced mining and shipping coal in June 2019. The Company was informed on October 31, 2019, that Coalspur had produced, sold and delivered to rail its 500,000th clean tonne and this milestone event lead to triggering a payment of \$10,000,000 due to the Company. The final payment comprising the \$10,000,000 was received in the year ended June 30, 2022.

Royalty payments, for production were received since 2019, however there was no production on the Company's claims in the year ended June 30, 2023, and thus no royalty's receivable. In the prior fiscal year, Coalspur paid the royalty of \$283,394 which represented 1% of the total sales generated from the sale of coal for the year ended June 30, 2022. The Company is presently awaiting renewal of the 5 Alberta Crown leases as the leases lapsed during the current period. The only interest presently held by the Company is a 1% royalty on the property, and no amounts outside the royalty are owed by Coalspur to the Company.

### **Timmins Area of Ontario**

The Company owns 87 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. \$350 per ounce, on rock treated in excess of the first 50,000 tons processed. In 2004, 2 of the patented claims and 1 license of occupation were sold for \$200,000 of which an irrevocable payment of \$50,000 was received prior to June 30, 2003. Commencing April 1, 2004, the agreement of sale also provided for minimum annual advance royalty payments in the amount of \$70,000 plus a 3% annual escalation clause for an additional period of 9 years. The agreement expired at the end of 2013.

During the fiscal year end, June 30, 2023 the Company incurred \$348,359 of expenditures for an exploration program on its Timmins claims. If the Company's exploration programs are successful, substantial additional capital would be required to put any properties into commercial production, if warranted. There is no assurance that the Company would have the necessary capital or would be able to obtain adequate financing in the future or that such financing would be on terms advantageous to the Company.

## 6. Related Party Transactions and Balances

The Company incurred expenses of \$18,000 for the year ended June 30, 2023 (2022 - \$18,000) to the Chief Financial Officer for accounting, administrative and secretarial services rendered. These expenses are included in general corporate expenses.

The Company incurred expenses of \$NIL for professional consulting fees for the year ended June 30, 2023 (2022 - \$1,875) to a director. These expenses are included in general corporate expenses.

The Company incurred Directors' fees of \$39,000 for the year ended June 30, 2023 (2022 - \$32,500). These expenses are included in general corporate expenses.

All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties. There were no balances outstanding to related parties as at June 30, 2023 and June 30, 2022.

## 7. Share Capital

### Authorized

As of June 30, 2023 and 2022, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

## 8. Marketable Securities

The following is a summary of the fair value of the Company's marketable securities:

	2023	Number	2022	Number
<b>Equity Securities</b>				
Superior Plus Corporation	\$ 237,250	25,000	\$ 228,219	20,000
Whitecap Resources Inc.	231,750	25,000	223,500	25,000
Hamilton Enhanced Canadian Bank ETF	296,400	15,000	323,850	15,000
TD Global Technology Leaders Index ETF	285,800	10,000	210,400	10,000
Exchange Income Corporation	262,050	5,000	210,700	5,000
Taranis Resources Inc.	297,000	2,200,000	363,000	2,200,000
Bank of Nova Scotia	272,411	4,110	313,100	4,110
Royal Bank of Canada	503,550	3,980	433,747	3,480
Toronto Dominion Bank	469,012	5,712	397,740	4,712
BCE Inc.	137,410	2,275	143,939	2,275
CI Financial Corporation	188,000	12,500	170,875	12,500
Dream Industrial REIT	246,925	17,500	211,400	17,500
Enbridge Inc.	246,200	5,000	152,915	2,813
Manulife Financial Corporation	131,460	5,250	117,180	5,250
Northwest Healthcare Properties Real Estate Investment Trust	62,800	10,000	211,050	17,500
Pembina Pipeline Corporation	135,363	3,250	147,875	3,250
TC Energy Corporation	345,333	6,450	215,043	3,225
<b>Total</b>	<b>\$ 4,348,714</b>		<b>\$ 4,074,533</b>	



## 8. Marketable Securities – continued

Investment continuity

	2023		2022	
<b>Balance, beginning of the year</b>	\$	<b>4,074,533</b>	\$	3,435,916
Purchases		<b>469,551</b>		1,819,718
Reinvested returns		<b>5,208</b>		-
Sales		<b>(71,512)</b>		(1,170,789)
Change in fair value		<b>(129,066)</b>		(10,312)
<b>Balance, end of the year</b>	\$	<b>4,348,714</b>	\$	4,074,533

## 9. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 23% (2022 - 23%) to the effective tax rate for the years ended June 30 is as follows:

	2023		2022	
Net (loss) income before provision for income taxes	\$	<b>(190,024)</b>	\$	392,713
Expected income tax (recovery) expense	\$	<b>(43,706)</b>	\$	104,230
Tax rate changes and other adjustments		<b>4,100</b>		(3,149)
Unrealized loss recorded through OCI		<b>(5,131)</b>		(1,186)
Non-taxable Canadian dividend income		<b>(41,451)</b>		(59,101)
Change in tax benefits not recognized		<b>-</b>		-
<b>Income tax provision</b>	\$	<b>(86,188)</b>	\$	40,794

The Company's income tax is allocated as follows:

Current tax (recovery) expense	\$	<b>(86,415)</b>	\$	56,203
Deferred tax expense (recovery)		<b>227</b>		(15,409)
	\$	<b>(86,188)</b>	\$	40,794

The following table summarizes the components of deferred tax:

	2023		2022	
<b>Deferred tax assets:</b>				
Capital losses carried forward	\$	-	\$	-
<b>Deferred tax liabilities:</b>				
Marketable securities	\$	<b>(10,124)</b>	\$	(19,601)
	\$	<b>(10,124)</b>	\$	(19,601)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2023		2022	
<b>Balance, beginning of the year</b>	\$	<b>(19,601)</b>	\$	(35,010)
Recognized in statement of operations and comprehensive (loss) income		<b>(227)</b>		15,409
Recognized in equity		<b>9,704</b>		-
<b>Balance, end of the year</b>	\$	<b>(10,124)</b>	\$	(19,601)

## **10. General Corporate Expenses**

	Note	2023	2022
Professional services	6	\$ 64,239	\$ 59,878
Directors' fees	6	39,000	32,500
Interest on income taxes		(857)	605
Transfer agent fees		22,298	24,934
Insurance		29,284	23,678
General and administrative		1,768	5,546
Government fees		1,344	5,376
Shareholder information		6,125	5,678
		\$ 163,973	\$ 158,195

## **11. Capital Disclosures**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the year ended June 30, 2023.

## **12. Financial Risk Factors**

The Company is exposed in varying degrees to a variety of financial instrument related risks:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents, short-term investments, and amounts receivables. The risk management covers the cash and cash equivalents, short-term investments, and amounts receivable, through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

### **Liquidity Risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As of June 30, 2023 and 2022 the aggregate of cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company's financial liabilities.

## **12. Financial Risk Factors - continued**

### **Market Risk**

#### *Interest rate risk*

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances and on the short-term investments, as the GICs interest is calculated based on CIBC's prime rate. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates and high interest mutual funds issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

#### *Commodity price risk*

The Company is exposed to price risk with respect to commodities, namely coal. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to changes in coal prices affecting the Coalspur royalty on the Hinton properties. There is no risk in the current period as there was no royalty revenue recognized.

## **13. Subsequent Event**

On September 20, 2023, the Company declared a special eligible dividend of \$0.10 per issued and outstanding common share for a total of \$537,235. The dividend is to be paid on December 1, 2023, to all shareholders of record as of the close of business on November 10, 2023.