

Consolidated Tanager Limited
Condensed Interim Financial Statements

For the three and nine months ended March 31, 2023

(Unaudited)
(Expressed in Canadian \$)

Consolidated Tanager Limited

Notes to Financial Statements

March 31, 2023

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS.**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the condensed interim consolidated 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 interim consolidated financial statements of the Consolidated Tanager Limited (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.

E. Clifton
President and Chief Executive Officer

C. F. Watson
Secretary-Treasurer

Dated: May 17, 2023
Toronto, Canada

Consolidated Tanager Limited

Condensed Interim Statements of Financial Position
(unaudited)

		As at Mar 31, 2023	As at June 30, 2022
Assets			
Current assets			
Cash and cash equivalents	(note 2)	3,089,264	4,117,457
Short term investments		1,975,746	2,087,099
Marketable securities		4,350,639	4,074,533
Accounts receivable		146,289	22,795
Deferred exploration expenses	(note 11)	316,290	
Income taxes receivable		18,263	53,894
Prepaid expenses		24,959	7,759
Total current assets		9,921,450	10,363,537
Mining properties	(note 4)	2	2
Total assets		9,921,452	10,363,539
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	(note 5)	27,613	39,790
Dividends payable	(note 6)	155,334	155,334
		182,947	195,124
Non current liabilities			
Deferred tax liability		16,297	19,601
Total liabilities		199,244	214,725
Equity			
Share capital	(note 7)	507,501	507,501
Contributed surplus		339,878	339,878
Accumulated other comprehensive income		159,011	171,676
Retained earnings		8,715,818	9,129,759
Total equity		9,722,208	10,148,814
Total liabilities and equity		9,921,452	10,363,539

The notes to the unaudited condensed interim financial statements are an integral part of these statements

APPROVED ON BEHALF OF THE BOARD on May 17, 2023

(signed) "E. Clifton"

E. Clifton

(signed) "C.F. Watson"

C.F. Watson

Consolidated Tanager Limited

Condensed Interim Statement of Changes in Equity
(unaudited)

	<u>Reserves</u>				Total
	Share Capital	Contributed Suplus	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	
Balance, July 1, 2021	507,501	339,878	382,759	9,517,233	10,747,371
Net income for the period				290,761	8,023,137
Unrealized gain (loss) on marketable securities			406,194		(157,351)
Dividends paid (note 7)				(402,930)	(268,618)
Balance, March 31, 2022	507,501	339,878	788,953	9,405,064	11,041,396
Dividends paid				(537,235)	(537,235)
Unrealized gain on marketable securities			(617,277)		(617,277)
Realized gain on sale of marketable securities				200,772	200,772
Net income (loss) for the period				61,158	61,158
Balance, June 30, 2022	507,501	339,878	171,676	9,129,759	10,148,814
Net income (loss) for the period				123,294	123,294
Unrealized gain on marketable securities			(12,665)		(12,665)
Dividends paid (note 7)				(537,235)	(537,235)
Balance, March 31, 2023	507,501	339,878	159,011	8,715,818	9,722,208

The notes to the unaudited condensed interim financial statements are an integral part of these statements

Consolidated Tanager Limited

For the three and nine month periods ended March 31
Condensed Interim Statements of Comprehensive Loss
(unaudited)

	3 mos Mar 2023	3 mos Mar 2022	9 mos Mar 31 2023	9 mos Mar 31 2022
Income				
Royalties earned (note 5)	-	43,085	-	283,394
Interest on property rights proceeds	-	-	-	20,916
Gain on sale of mineral rights	-	20,000	-	20,000
Interest & dividends	86,120	67,664	280,631	170,780
Total income	86,120	130,749	280,631	495,090
Expenses				
General corporate (note 6)	10,401	19,644	77,258	76,294
Professional services	13,100	18,385	44,764	48,951
Property maintenance	9,405	16,104	35,984	34,587
Total expenses	32,906	54,133	158,006	159,832
Net (Loss) income before income taxes	53,214	76,616	122,625	335,258
Income taxes:				
Deferred tax (expense) recovery	(12,706)	-	669	-
Current income tax expense (note 2)	-	4,022	-	44,497
Net income before other comprehensive income (loss)	40,508	72,594	123,294	290,761
Unrealized gain (loss) on marketable securities, net of taxes	28,162	173,459	(10,052)	406,194
Comprehensive income (loss) for the period	68,670	246,053	113,242	696,955
Basic and diluted income (loss) per share	0.013	0.046	0.021	0.130
Weighted average number of shares	5372350	5372350	5372350	5372350

The notes to the unaudited condensed interim financial statements are an integral part of these statements

Consolidated Tanager Limited

Condensed Interim Statements of Cash Flows
For the nine month periods ended March 31
(unaudited)

	2023	2022
Cash flow from operating activities		
Net income (loss) for the period	123,294	290,761
Item not affecting cash and cash equivalents		
Unrealized gain on marketable securities, net of taxes	(10,052)	406,194
Changes in net working capital		
Accounts receivable	(123,494)	(4,608)
Royalties receivable	-	26,890
Interest receivable on property rights proceeds	-	442,109
Property rights proceeds	-	1,250,000
Prepaid expenses	(17,200)	12,566
Deferred exploration expenses	(316,290)	
Income taxes receivable	35,631	15,934
Deferred tax liability	(3,304)	52,781
Accounts payable and accrued liabilities	(12,155)	131,579
	<hr/>	<hr/>
	(323,570)	2,624,206
Cash flow from investing activities		
Unrealized (gain) loss in marketable securities	12,665	(458,976)
Marketable securities	(291,406)	(1,548,068)
Short term investments	111,353	498,234
	<hr/>	<hr/>
	(167,388)	(1,508,810)
Cash flow from financing activities		
Payment of dividends	(537,235)	(402,930)
	<hr/>	<hr/>
Net increase (decrease) in cash	(1,028,193)	712,466
Cash and cash equivalents, beginning of period	4,117,457	5,057,527
	<hr/>	<hr/>
Cash and cash equivalents, end of period	3,089,264	5,769,993

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

Consolidated Tanager Limited

Notes to Financial Statements

March 31, 2023

(Unaudited)

1. Business of the Company

Consolidated Tanager Limited (the "Company") is incorporated under the Business Corporation Act of Ontario with a registered address at Suite 331 1900 Bayview Avenue, Toronto, Ontario. The Company has transferred the rights its five coal leases in Hinton Alberta with payments being made on a quarterly basis until December 31, 2021. The Company receives a 1% royalty on coal sales proceeds arising from coal mined from the five leases. (There were no royalties received in the current quarter, as no coal was mined on the Company's land). The Company holds other 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 and in fact has retained the services of Exsics Exploration Limited to perform some exploration services in the Timmins/Cody township area.

2. Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards ("IFRS")

The Company has prepared these condensed interim financial statements in compliance with International Account Standard 34 – Interim Financial Reporting ("IAS 34").

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

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of significance are the estimates and assumptions used in the recognition and measurement of items included in Significant accounting judgments and estimates below.

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.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of March 31, 2023, and June 30, 2022 the Company had \$3,089,264 and \$4,117,457 respectively of cash equivalents in the form of flexible and redeemable guaranteed investment certificates.

Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. The equity securities are designated as Fair Value through Other comprehensive Income and measured at fair value. Unrealized gains and

Consolidated Tanager Limited

Notes to Financial Statements

March 31, 2023

(Unaudited)

losses due to period end revaluation to fair value are recorded as other comprehensive income or loss.

Revenue recognition

Revenue consists of royalties on coal sales, dividends from marketable securities and interest income on outstanding property rights proceeds receivable and on cash and cash equivalents investments, recognized on an accrual basis as earned.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation because 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 expected benefits 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 as at March 31, 2023, and June 30, 2022.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

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 (Loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

Consolidated Tanager Limited

Notes to Financial Statements

March 31, 2023

(Unaudited)

Significant accounting judgments and estimates

The preparation of these condensed interim 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Segment reporting

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

3. Short Term Investments

At March 31, 2023 the Company had \$1,975,746 (June 30, 2022, \$2,087,099) of short-term investments. As at March 31, 2022, the Company had short-term investments of \$1,115,866.

4. Marketable Securities

The following is a summary of the Company's marketable Securities:

	Market Value	# of shares	Market Value	# of Shares
		31-Mar-23		30-Jun-22
Taranis Resources Inc.	330,000	2,200,000	363,000	2,200,000
Bank of Nova Scotia	279,768	4,110	313,100	4,110
Royal Bank of Canada	514,415	3,480	433,747	3,480
Toronto Dominion Bank	462,386	5,712	397,940	4,712
BCE Inc.	137,729	2,275	143,939	2,275
CI Financial Corp	159,750	12,500	170,875	12,500
Dream Industrial REIT	257,250	17,500	211,400	17,500
Enbridge Inc	144,954	2,813	152,915	2,813
Superior Plus Corp	222,800	20,000	228,219	20,000
Hamilton Enhanced CD	301,200	15,000	323,850	15,000
Exchange Income Corp	267,750	5,000	210,700	5,000
Manulife Financial Corp	130,200	5,250	117,180	5,250
Northwest Healthcare	148,225	17,500	211,050	17,500
Pembina Pipeline Corp	142,285	3,250	147,875	3,250
TC Energy Corp	339,077	6,450	215,043	3,225
TD Global Tech	251,600	10,000	210,400	10,000
Whitecap Resources Inc	261,250	25,000	223,500	25,000
	4,350,639		4,074,733	

5. Mining Properties

The Company's investments in the following properties were each written down to \$1 in a prior year.

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(Unaudited)

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.

On September 8, 2022 the Company committed to a \$300,000 exploration program, to be conducted over the next several months, on its properties held in the Timmins area. If the Company's exploration programs are successful, substantial additional capital would be required to put any properties into commercial production. There is no assurance that the Company would be able to obtain adequate financing in the future or that such financing would be on terms advantageous to the Company. The final cost for this program was \$316,290.

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") to transfer the rights of the Hinton Coal property to KCE 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 commenced mining and shipping coal in June, 2019. The Company was informed on October 31, 2019 that KCE had produced, sold, and delivered to rail its 500,000th clean tonne and this milestone event led to triggering the payment of \$10,000,000 due to the Company. The \$10,000,000 has been completely received.

Royalty payments, for production were received since 2019, however, there was no production on the Company's land in the quarter ended March 31, 2023, and thus no royalty's receivable. In the previous fiscal year, Coalspur paid the royalty of \$43,085 which represented 1% of the total sales generated from the sale of coal for the quarter ended March 31, 2022 on April 26, 2022.

6. Related Party Transactions

The Company incurred expenses of \$13,500 for administrative services in for the nine months ended March 31, 2023 (March 31, 2022 - \$13,500) to the Secretary Treasurer for services provided to the Company. These expenses are included in professional services.

In total, directors were paid \$Nil for directors' fees in the quarter ended March 31, 2023 (March 31, 2022 - \$Nil).

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(Unaudited)

The related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

7. Share Capital

Authorized

As of March 31, 2023, and June 30, 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.

	Number of Common Shares	Amount
Balance, March 31, 2023, June 30, 2022	5,372,350	\$ 507,501

On September 8, 2022 the Company declared a special eligible dividend of \$0.10 per issued and outstanding common share for a total of \$537,236. The dividend was paid November 30, 2022 to all shareholders of record as of the close of business November 8, 2022.

On May 3, 2022 the Company declared a special eligible dividend of \$0.10 per issued and outstanding common share for a total of \$537,236. The dividend was paid June 15, 2022 to all shareholders of record as of the close of business May 20, 2022.

On October 7, 2021, the Company declared a special eligible dividend of \$0.075 per issued and outstanding common share for a total of \$403,047. The dividend was paid December 3, 2021 to all shareholders of record as of the close of business November 12, 2021.

8. Stock Options

Pursuant to the Company's stock option plan ("the Plan") the Company has reserved and set aside up to 500,000 common shares for the granting of options to directors and officers. The terms of the awards under the Plan are determined by the Board of Directors.

As of March 31, 2023, and June 30, 2022 the Company did not have any stock options outstanding (none outstanding as of June 30, 2021).

9. Capital Disclosures

The Company's objectives when managing capital are 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 adjusts it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

Consolidated Tanager Limited

Notes to Financial Statements

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(Unaudited)

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 period ended December 31, 2021.

10. 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, royalties receivable, interest receivable on property rights, and property rights receivable. This risk is managed using 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 to meet its liquidity requirements. As of December 30, 2022, and June 30, 2022, cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company's financial liabilities.

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 equivalent balances. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices related to coal to determine the appropriate course of action to be taken by the Company.

11. Deferred exploration expenses

On September 8, 2022, The Company committed to a \$300,000 exploration program, to be conducted over several months, on its properties held in the Timmins area. To date, \$266,700 of the \$316,290 has been paid, for work done, to the contractor. It is management's judgement that the exploration program has not reached the stage where the recoverability of the carrying amount can be tested, but it is the Company's opinion that the value of the project has not been impaired.