

O3 Mining

Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended June 30, 2023 and 2022
Presented in Canadian dollars
(Unaudited)

O3 Mining

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Condensed Interim Consolidated Statements of Financial Position (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

<i>As at</i>	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 16,033	\$ 18,711
Other receivables	4	483
Advances and prepaid expenses	351	405
Taxes recoverable	2,606	3,185
Marketable securities (note 3)	6,279	7,830
Total current assets	25,273	30,614
Non-current assets		
Investment in associate (note 4)	51,386	50,896
Property, plant and equipment (note 5)	5,638	4,328
Exploration and evaluation assets (note 6)	193,669	183,697
Total non-current assets	250,693	238,921
Total assets	\$ 275,966	\$ 269,535
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,703	\$ 4,184
Current lease liabilities (note 7)	288	337
Total current liabilities	2,991	4,521
Non-current liabilities		
Flow-through premium liability (note 10(a))	1,891	5,146
Share-based payment liability (note 8)	2,113	1,927
Convertible debenture (note 9)	6,024	-
Derivative liability (note 9)	3,989	-
Non-current lease liabilities (note 7)	1,364	1,502
Deferred tax liability (note 10)	17,231	15,115
Total non-current liabilities	32,612	23,690
Total liabilities	35,603	28,211
Equity		
Share capital (note 11(a))	213,763	214,211
Contributed surplus (note 11(d))	19,852	19,571
Retained earnings	6,748	7,542
Total equity attributed to equity holders of the Corporation	240,363	241,324
Total liabilities and equity	\$ 275,966	\$ 269,535

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

Commitments (note 14)

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Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Tabular amounts express in thousands of Canadian dollars, except per share and share amounts) (Unaudited)

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Expenses/(income)				
Compensation expenses (note 12)	\$ 951	\$ 480	\$ 1,706	\$ 2,302
General and administration expenses (note 12)	647	775	1,279	1,692
General exploration expenses	-	62	-	66
Loss on impairment of exploration and evaluation assets	-	-	-	7,893
Flow-through premium income (note 11(a))	(797)	(2,672)	(3,255)	(6,150)
Loss/(gain) from marketable securities (note 3)	1,167	1,419	(505)	(209)
Gain on disposition of property, plant and equipment (note 5)	-	-	(2)	-
Gain on disposition of exploration and evaluation assets	-	-	-	(4,246)
Share of gain of associate (note 4)	(737)	(927)	(490)	(1,088)
Loss/(income) before finance income and income tax	1,231	(863)	(1,267)	260
Finance income	(133)	(53)	(345)	(104)
Finance costs	62	51	105	103
Net finance income	(71)	(2)	(240)	(1)
Loss/(income) before tax	1,160	(865)	(1,507)	259
Deferred income tax expense (note 10)	389	2,292	2,171	4,067
Current income tax expense	130	-	130	-
Loss and comprehensive loss	\$ 1,679	\$ 1,427	\$ 794	\$ 4,326
Basic loss per share (note 11(b))	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.06
Weighted average number of shares (note 11(b))	74,630,374	68,371,153	74,630,949	68,266,378
Diluted loss per share (note 11(c))	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.06
Diluted weighted average number of shares (note 11(c))	74,630,374	68,371,153	74,630,949	68,266,378

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

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Condensed Interim Consolidated Statements of Changes in Equity (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings	Total
Balance January 1, 2023	74,834,969	\$ 214,211	\$ -	\$ 19,571	\$ 7,542	\$ 241,324
Loss for the period	-	-	-	-	(794)	(794)
Stock-based compensation	-	-	-	281	-	281
Shares repurchased under normal course issuer bid (note 11(a))	(210,100)	(335)	-	-	-	(335)
Equity instruments listing costs	-	(209)	-	-	-	(209)
Issuance of shares on acquisition of Kinebik Property (note 6(a))	29,467	41	-	-	-	41
Deferred tax asset on share issue cost (note 10)	-	55	-	-	-	55
Balance June 30, 2023	74,654,336	\$ 213,763	\$ -	\$ 19,852	\$ 6,748	\$ 240,363

Attributable equity to owners of the Corporation

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings	Total
Balance January 1, 2022	68,160,439	\$ 204,682	\$ 9,399	\$ 8,947	\$ 14,550	\$ 237,578
Loss for the period	-	-	-	-	(4,326)	(4,326)
Stock-based compensation	-	-	-	587	-	587
Expiry of Warrants	-	-	(3,717)	3,717	-	-
Issuance of shares on acquisition of East-West Property	325,000	718	-	-	-	718
Balance June 30, 2022	68,485,439	\$ 205,400	\$ 5,682	\$ 13,251	\$ 10,224	\$ 234,557

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

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Condensed Interim Consolidated Statements of Cash Flows (Tabular amounts express in thousands of Canadian dollars) (Unaudited)

<i>For the period ended</i>	June 30, 2023	June 30, 2022
Cash flows provided by/(used in) operating activities		
Income/(loss) for the period	\$ (794)	\$ (4,326)
Adjustments for:		
Stock-based compensation (note 8 and note 11(d))	520	1,227
Depreciation (note 5)	60	31
Flow-through premium income (note 11(a))	(3,255)	(6,150)
Marketable securities gain (note 3)	(505)	(209)
Gain on disposition of property, plant and equipment (note 5)	(2)	-
Gain on disposition of exploration and evaluation assets	-	(4,246)
Loss on impairment of exploration and evaluation assets	-	7,893
Interest income	(345)	(104)
Interest expense on lease liabilities	47	49
Interest expense on convertible debenture	13	-
Settlement of restricted share units (note 8)	(234)	-
Share of gain of associate (note 4)	(490)	(1,088)
Deferred income tax expense (note 9)	2,171	4,067
	(2,814)	(2,856)
Change in items of working capital:		
Change in other receivables	479	539
Change in advances and prepaid expenses	54	55
Change in taxes recoverable	1,711	8
Change in accounts payable and accrued liabilities	(701)	(877)
Net cash used in operating activities	(1,271)	(3,131)
Cash flows provided by/(used in) investing activities		
Interest received	345	104
Acquisition of marketable securities (note 3)	(82)	(162)
Proceeds on disposition of marketable securities (note 3)	2,138	549
Acquisition of property, plant and equipment (note 5)	(1,597)	(495)
Addition to exploration and evaluation assets (note 6)	(11,405)	(15,831)
Proceeds on disposition of exploration and evaluation assets (note 6)	-	2,992
Acquisition of exploration and evaluation assets (note 6)	(69)	(768)
Net cash used in investing activities	(10,670)	(13,611)
Cash flows from/(used in) financing activities		
Repayment of lease liabilities	(193)	(191)
Cash received on issuance of convertible debenture (note 9)	10,000	-
Equity instruments listing costs	(209)	-
Net cash used in repurchasing shares under normal course issuer bid (note 11(a))	(335)	-
Net cash from/(used in) financing activities	9,263	(191)
Decrease in cash and cash equivalents	(2,678)	(16,933)
Cash and cash equivalents, beginning of period	18,711	27,218
Cash and cash equivalents, end of period	\$ 16,033	\$ 10,285

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Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2023 and 2022

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
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1) Reporting entity

O3 Mining Inc. ("O3 Mining" or the "Corporation") is a Canadian corporation domiciled in Canada. The Corporation was incorporated in British Columbia and continued to Ontario on June 28, 2019, under the Ontario Business Corporations Act. The address of the Corporation's registered office is 155 University Ave, Suite 1440, Toronto, Ontario, Canada. The Corporation is primarily in the business of acquiring, exploring, and developing precious mineral deposits in Canada.

The business of acquiring, exploring, and developing precious mineral deposits involves a high degree of risk. O3 Mining is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively O3 Mining's ability to dispose of its interest on an advantageous basis; as well as global economic and commodity price volatility; all of which are uncertain. There is no assurance that O3 Mining's funding initiatives will continue to be successful. The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material impairment of the carrying value of mineral properties and deferred exploration.

2) Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34, Interim Financial Reporting and are presented in thousands of Canadian dollars.

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with the Corporation's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2022.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's board of directors (the "Board of Directors") on August 9, 2023.

b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022, except for policies adopted in the period ended June 30, 2023. The accounting policies set out below are in accordance with IFRS and have been applied to these unaudited condensed interim consolidated financial statements.

Financial instruments - Convertible debenture

The Corporation initially recognised the convertible debenture, which contains the host debt and the non-equity embedded derivatives (the conversion as well as the redemption option), at its fair value. The debt component is subsequently measured at amortised cost. The amount of change in the fair value of the derivative component is presented in profit or loss.

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(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
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2) Basis of preparation (continued)

c) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that apply in accounting periods beginning on or after January 1, 2023. They are not applicable or do not have a significant impact to the Corporation.

d) Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2022, except as noted below.

Fair value of the convertible debenture

Determining the fair value of the convertible debenture (the host debt and the embedded derivative) involves the application of both the Black-Scholes option-pricing model and the discounted cash flow method. The valuation of the convertible debenture requires the input of highly subjective assumptions that can materially affect the fair value estimate. The valuation of the convertible debenture is subjective and can impact profit and loss significantly.

- **Risk-free interest rate:** The Corporation uses the interest rate available for government securities of an equivalent expected term at each valuation date.
- **Volatility:** The Corporation uses historical information on the market price of common shares of the Corporation to determine the degree of volatility at each valuation date.
- **Credit Spread:** The Corporation calibrated the credit spread at the inception date such that the fair value of the convertible debenture equals the total proceeds received, within a reasonable range for an exploration stage mining company.

3) Marketable securities

The Corporation holds shares and warrants in various public and private companies. During the three and six-month period ended June 30, 2023, these shares and warrants were fair valued, and this resulted in an unrealized loss of \$1,044,000 and gain of \$266,000, respectively (2022 – loss of \$1,732,000 and \$104,000). The Corporation sold shares during the three and six-month period ended June 30, 2023, which resulted in a realized loss of \$123,000 and gain of \$239,000, respectively (2022 – gain of \$313,000 and \$313,000).

The shares in the various public companies are classified as FVTPL and are recorded at fair value using the quoted market price as at June 30, 2023 and are therefore classified as level 1 within the fair value hierarchy.

The warrants in the various public companies are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as level 2 within the fair value hierarchy.

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3) Marketable securities (continued)

The following table summarizes information regarding the Corporation's marketable securities as at June 30, 2023:

As at	June 30, 2023
Balance, beginning of period	\$ 7,830
Additions	82
Disposals	(2,138)
Realized gain	239
Unrealized gain	266
Balance, end of period	\$ 6,279

4) Investment in associate

Moneta Gold Inc. ("Moneta") is a mineral resource exploration and development company focused on the exploration and development of gold projects in the Timmins Camp of Ontario, Canada. Moneta's head office is located in Canada, and it is a public company listed on the Toronto Stock Exchange. The trading price of Moneta's common shares on June 30, 2023, was \$1.05 per share which corresponds to a quoted market value of \$26,164,000 for the Corporation's investment in Moneta. As at June 30, 2023, management has assessed that the decline in the value in use of the investment in associate, was not significant or prolonged.

The equity accounting for Moneta is based on the results to March 31, 2023, adjusted for significant transactions between March 31, 2023 and June 30, 2023.

The following table summarizes information regarding the Corporation's investment in its associate as at June 30, 2023:

As at	June 30, 2023
Balance, beginning of period	\$ 50,896
Share of gain for the period	490
Balance, end of period	\$ 51,386

5) Property, plant and equipment

The following table summarizes information regarding the Corporation's property, plant and equipment as at June 30, 2023:

Class	Cost				Accumulated depreciation				Closing balance Net book value
	Opening balance	Additions	Write-off / Disposals	Closing balance	Opening balance	Depreciation	Write-off / Disposals	Closing balance	
Computer Equipment	\$ 238	\$ -	\$ -	\$ 238	\$ 120	\$ 18	\$ -	\$ 138	\$ 100
Office Equipment	14	13	-	27	10	1	-	11	16
Buildings	2,224	-	-	2,224	504	162	-	666	1,558
Land	1,301	1,498	-	2,799	-	-	-	-	2,799
Exploration Equipment	405	30	(176)	259	211	18	(137)	92	167
Milling Plant	299	-	-	299	-	-	-	-	299
Leasehold Improvements	831	-	-	831	159	44	-	203	628
Automobiles	32	56	-	88	12	5	-	17	71
Total	\$ 5,344	\$ 1,597	\$ (176)	\$ 6,765	\$ 1,016	\$ 248	\$ (137)	\$ 1,127	\$ 5,638

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6) Exploration and evaluation assets

The following table summarizes information regarding the Corporation's exploration and evaluation assets as at June 30, 2023:

	December 31, 2022	Acquisitions	Additions	June 30, 2023
Kan - James Bay	\$ 248	\$ -	\$ 14	\$ 262
Éléonore Opinaca	1,026	-	99	1,125
Launay	1,013	-	75	1,088
Peacock	8	-	101	109
Matachewan - Wydee	260	-	169	429
Marban Alliance	111,192	-	6,204	117,396
Horizon	-	-	2,933	2,933
Alpha	68,283	110	263	68,656
Harricana	1,667	-	4	1,671
Total exploration and evaluation assets	\$ 183,697	\$ 110	\$ 9,862	\$ 193,669

a) Acquisition of exploration and evaluation assets

On June 13, 2023, O3 Mining acquired a portion of the rights, title and interests in and to the Kinebik Property from NewOrigin Gold Corp in exchange for (i) cash consideration of \$50,000, (ii) 29,467 common shares in the capital of the Corporation.

7) Leases

The following table summarizes information regarding the Corporation's lease liabilities as at June 30, 2023:

As at	June 30, 2023	December 31, 2022
Balance, beginning of period	\$ 1,839	\$ 1,579
Additions	-	574
Accretion of interest	47	101
Payments	(193)	(415)
Disposal	(41)	-
Balance, end of period	\$ 1,652	\$ 1,839
Current	\$ 288	\$ 337
Non-current	1,364	1,502
Total lease liabilities	\$ 1,652	\$ 1,839

8) Restricted share unit and deferred share unit plans

Under the Corporation's RSU plan and DSU plan, RSUs can be granted to executive officers and key employees and DSUs can be granted to non-executive directors, as part of their long-term compensation package, entitling them to receive payout in cash or Common Shares, or a combination of both. Should the payout be in cash, the cash value of the payout would be determined by multiplying the number of RSUs and DSUs vested at the payout date by the five-day volume weighted average price from the closing price of the Common Shares on the day prior to the payout date. Should the payout be in Common Shares, each RSU and DSU represents an entitlement to one Common Share.

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8) Restricted share unit and deferred share unit plans (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable RSUs and DSUs as at June 30, 2023:

	Number of DSUs	Number of RSUs
Outstanding at December 31, 2022	881,832	1,445,000
Granted	57,353	-
Vested	-	(150,000)
Outstanding at June 30, 2023	939,185	1,295,000

During the six-month period ended June 30, 2023, 57,353 DSUs were issued to directors (2022 - 300,830), all of which were issued in lieu of directors' fees (2022 - 60,830). The weighted average fair value of the DSUs granted was \$1.44 per DSU initially at the closing price of the common shares of the Corporation on the date of grant (2022 - \$2.02). The DSUs vest immediately on the date of grant.

During the six-month period ended June 30, 2023, nil RSUs were issued to management (2022 - 480,000). The RSUs vest on the third anniversary date from the date of grant.

As at June 30, 2023 the share-based payment liability related to each RSU and DSU was re-measured to fair value at the Corporation's closing share price of \$1.53.

The combined total recognized expense for RSUs and DSUs for the three and six-month period ended June 30, 2023 was \$411,000 and \$419,000, respectively (2022 - expense of \$179,000 and \$804,000) from which \$69,000 and \$103,000 respectively were capitalized to exploration and evaluation assets (2022 - \$18,000 and \$60,000).

9) Convertible debenture

On June 19, 2023, O3 Mining issued a senior unsecured convertible debenture in an aggregate principal amount of \$10,000,000 which will mature on June 19, 2028. The convertible debenture bears fixed interest at a rate of 10% per annum, payable semi-annually, half of which is payable in cash and half of which is payable, at the Corporation's option, in either common shares of the Corporation or in cash.

The holder of the convertible debenture is entitled, at any time prior to the maturity date, to convert, in whole or in part, the outstanding principal amount due from time to time into common shares of the Corporation at a price equal to \$2.05 per common share, subject to customary anti-dilution adjustments.

O3 Mining will be required to offer to purchase from the holder the remaining outstanding principal amount of the convertible debenture if a change of control of the Corporation occurs or if the Corporation sells all or substantially all, or enters into a joint venture agreement, option agreement or similar arrangement with respect to the Corporation's Marban Alliance project. The convertible debenture is subject to customary events of default.

The convertible debenture is subject to an adjustment of conversion price clause, expiring on September 30, 2023, which could result in a fixed amount of the stated principal not being converted into a fixed number of common shares of the Corporation. As a result of this, the conversion feature does not satisfy the 'fixed for fixed' criterion and is classified as an embedded derivative liability measured at fair value through profit or loss. The host of the convertible debenture is classified as a long-term liability measured at amortised cost.

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9) Convertible debenture (continued)

The following table summarizes information regarding the Corporation's convertible debenture as at June 30, 2023:

<i>As at</i>	June 30, 2023
Balance, beginning of period	\$ -
Issuance of convertible debenture	6,011
Accretion	13
Balance, end of period	\$ 6,024

The total recognized interest expense on the convertible debenture for the three and six-month period ended June 30, 2023, was \$43,000 and \$43,000, respectively. As at June 30, 2023 the accrued interest payable included in accounts payable and accrued liabilities was \$31,000.

O3 Mining revalues the embedded derivative liability of the convertible debenture at the end of each reporting period with the change in fair value in the period recorded in profit or loss. The fair value of the derivative liability did not change significantly during the period ended June 30, 2023. As a result, \$nil was recorded in profit or loss for the three and six-month period ended June 30, 2023.

The following table summarizes information regarding the Corporation's derivative liability as at June 30, 2023:

<i>As at</i>	June 30, 2023
Balance, beginning of period	\$ -
Fair value on issuance	3,989
Balance, end of period	\$ 3,989

The following table summarizes the assumptions used for the valuation of the derivative liability on June 19, 2023:

<i>As at</i>	June 19, 2023
Time to maturity	5 years
Share price	\$ 1.45
Volatility	51.00%
Risk-free interest rate (based on government bonds)	3.75%
Credit spread	14.95%

10) Income taxes

The following table outlines the composition of the deferred tax expense between income tax and mining tax for the period ended June 30, 2023:

<i>For the period ended</i>	June 30, 2023	June 30, 2022
Deferred income tax expense	\$ 977	\$ 2,309
Deferred mining taxes	1,194	1,758
Total deferred income tax expense	\$ 2,171	\$ 4,067

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10) Income taxes (continued)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset. Deferred tax assets are recognized when the Corporation concludes that sufficient positive evidence exists to demonstrate that it is probable that a deferred tax asset will be realized.

The following table provides the components of the deferred income and mining tax assets and liabilities:

<i>As at</i>	June 30, 2023	December 31, 2022
Deferred tax assets		
Losses	\$ 14,382	\$ 13,170
Mining tax deductible for income tax purposes	3,185	2,868
Share issue costs	2,638	2,584
Investment tax credits	262	262
Other net deductible temporary differences	421	399
Total deferred tax assets	\$ 20,888	\$ 19,283
Deferred tax liability		
Exploration and evaluation assets	\$ (22,187)	\$ (19,696)
Investment in associate	(4,110)	(3,878)
Deferred mining tax liability	(12,018)	(10,824)
Other net taxable temporary differences	196	-
Total deferred tax liability	\$ (38,119)	\$ (34,398)
Net deferred tax liability	\$ (17,231)	\$ (15,115)

11) Capital and other components of equity

a) Share capital – authorized

	Number of Common Shares	Amount
Balance December 31, 2022	74,834,969	\$ 214,211
Shares repurchased under normal course issuer bid	(210,100)	(335)
Equity instruments listing costs	-	(209)
Issuance of shares on acquisition of Kinebik Property (note 6(a))	29,467	41
Deferred tax asset on share issue cost (note 10)	-	55
Balance June 30, 2023	74,654,336	\$ 213,763

During the three and six-month period ended June 30, 2023, flow-through premium income of \$797,000 and \$3,255,000 respectively (2022 – \$2,672,000 and \$6,150,000) was recognized relating to the flow-through shares issued.

During the three and six-month period ended June 30, 2023, O3 Mining repurchased and canceled 210,100 common shares of the Corporation at an average price of \$1.59 for a total cost of \$335,000.

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11) Capital and other components of equity (continued)

b) Basic loss per share

The calculation of basic loss per share for the three and six-month periods ended June 30, 2023 and 2022 was based on the income or loss attributable to common shareholders and a basic weighted average number of common shares outstanding, calculated as follows:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Common shares outstanding, at beginning of the period	74,624,869	68,160,439	74,834,969	68,160,439
Common shares issued during the period	5,505	210,714	2,930	105,939
Shares repurchased under normal course issuer bid	-	-	(206,950)	-
Basic weighted average number of common shares	74,630,374	68,371,153	74,630,949	68,266,378
Basic loss for the period	\$ 1,679	\$ 1,427	\$ 794	\$ 4,326
Basic loss per share	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.06

c) Diluted loss per share

The Corporation incurred losses for the three and six-month periods ended June 30, 2023 and 2022, therefore all outstanding stock options, RSUs and DSUs have been excluded from the calculation of diluted loss per share since the effect would be anti-dilutive. They could potentially dilute basic earnings per share in the future

d) Contributed surplus

Under the Corporation's incentive stock-option plan, the maximum number of shares reserved for issuance under all security-based compensation arrangement of the Corporation is 10% of the issued and outstanding common shares of the Corporation, reduced by the numbers of RSUs and DSUs outstanding. The options issued under the plan may vest at the discretion of the Board of Directors and are exercisable for up to 5 years from the date of grant.

The following table summarizes the stock option transactions for the six-month period ended June 30, 2023:

	Number of stock options	Weighted-average exercise price
Outstanding at December 31, 2022	5,113,686	\$ 2.73
Outstanding at June 30, 2023	5,113,686	\$ 2.73

During the six-month period ended June 30, 2023, nil stock options were issued to directors, management, and employees (2022 – \$880,000).

The total recognized expense for stock options for the three and six-month period ended June 30, 2023, was \$121,000 and \$281,000, respectively (2022 - \$294,000 and \$587,000) from which \$32,000 and \$75,000 respectively were capitalized to exploration and evaluation assets (2022 - \$67,000 and \$104,000).

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2023 and 2022

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

11) Capital and other components of equity (continued)

d) Contributed surplus (continued)

The following table summarizes information regarding the Corporation's outstanding and exercisable stock options as at June 30, 2023:

Range of exercise prices per share (\$)	Options outstanding				Options exercisable			
	Weighted-average remaining years of contractual life	Number of stock options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stock options exercisable	Weighted average exercise price (\$)		
1.47 to 2.49	3.1	1,125,000	\$2.05	3.1	511,656	\$2.18		
2.50 to 2.79	1.4	1,378,686	\$2.53	1.4	1,378,686	\$2.53		
2.80 to 3.19	1.1	1,830,000	\$3.07	1.1	1,830,000	\$3.07		
3.20 to 3.26	2.8	780,000	\$3.26	2.8	519,991	\$3.26		
1.47 to 3.26	1.9	5,113,686	\$2.73	1.6	4,240,333	\$2.81		

12) Expenses

The following table summarizes information regarding the Corporation's expenses for the three and six-month periods ended June 30, 2023 and 2022:

For the period ended	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Compensation expenses				
Stock-based compensation (note 8 and note 11(d))	\$ 428	\$ 31	\$ 520	\$ 1,227
Salaries and benefits	523	449	1,186	1,075
Total compensation expenses	\$ 951	\$ 480	\$ 1,706	\$ 2,302
General and administration expenses				
Shareholder and regulatory expense	\$ 203	\$ 251	\$ 334	\$ 601
Travel expense	60	74	141	150
Professional fees	239	336	503	668
Office expense	145	114	301	273
Total general and administration expenses	\$ 647	\$ 775	\$ 1,279	\$ 1,692
Marketable securities				
Realized loss/(gain) from marketable securities (note 3)	\$ 123	\$ (313)	\$ (239)	\$ (313)
Unrealized loss/(gain) from marketable securities (note 3)	1,044	1,732	(266)	104
Total marketable securities loss/(gain)	\$ 1,167	\$ 1,419	\$ (505)	\$ (209)

13) Related party transactions

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Corporation and other related parties are disclosed below.

During the three and six-month period ended June 30, 2023, management fees, geological services, rent and administration fees of \$122,000 and \$258,000 (2022 - \$171,000 and \$342,000) were incurred with Osisko Mining Inc. ("Osisko Mining"), a related company of the Corporation by virtue of Osisko Mining having significant influence over the Corporation. Also, Mr. John Burzynski, Chairman of the Board of Directors of O3 Mining, serves as Executive Chairman, CEO, and Director of Osisko Mining and Mr. José Vizquerra, President and CEO of O3 Mining, serves as a Director of Osisko Mining. Accounts payable and accrued liabilities to Osisko Mining as at June 30, 2023 were \$44,000.

O3 Mining

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended June 30, 2023 and 2022

(Tabular amounts express in thousands of Canadian dollars, except per share and share amounts)
(Unaudited)

13) Related party transactions (continued)

The following table summarizes remuneration attributable to key management personnel for the three and six-month periods ended June 30, 2023 and 2022:

<i>For the period ended</i>	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Salaries expense of key management	\$ 195	\$ 160	\$ 390	\$ 320
Directors' fees	121	134	243	268
Stock-based compensation	318	153	360	617
Total	\$ 634	\$ 447	\$ 993	\$ 1,205

14) Commitments

The Corporation has the following exploration commitments as at June 30, 2023:

	Total	2023	2024	2025	2026
Equipment leases	\$ 157	\$ 69	\$ 56	\$ 25	\$ 7
Total	\$ 157	\$ 69	\$ 56	\$ 25	\$ 7

As at June 30, 2023, the Corporation has the following flow-through funds to be spent by December 31, 2023:

Closing date of financing	Province	Remaining flow-through funds
August 24, 2022	Québec	\$ 5,528
Total		\$ 5,528