



Unaudited Consolidated Condensed Interim Financial Statements of

SOUTH ATLANTIC GOLD INC.

(An Exploration Stage Company)

For the Three and Nine Months Ended November 30, 2022 and 2021

South Atlantic GOLD

South Atlantic Gold Inc.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

November 30, 2022

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) the accompanying unaudited consolidated condensed interim financial statements of the Company for the three and nine months ended November, 2022 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited consolidated condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these consolidated condensed interim financial statements, in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

For further information please contact:

Douglas Meirelles, CEO or

Terese Gieselman, CFO

(250) 762-5777

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)

As at November 30, 2022 and February 28, 2022

(Expressed in Canadian Dollars)

	Note	November 30 2022	February 28 2022
ASSETS			
Current			
Cash		\$ 103,003	\$ 1,266,730
Prepays		115,203	30,101
Receivables		9,601	9,144
Total current assets		227,807	1,305,975
Non current			
Equipment	5	2,186	751
Reclamation bond	7	7,500	7,500
Prepays and deposits		-	52,488
Exploration and evaluation assets	6	4,084,297	3,326,456
Total Assets		\$ 4,321,790	\$ 4,693,170
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8, 13	260,227	390,854
Provision	9	-	12,152
		260,227	403,006
Shareholders' Equity			
Share Capital	10	6,569,586	6,569,586
Contributed surplus	10,11	1,219,095	1,123,882
Deficit		(3,727,118)	(3,403,304)
Total Shareholders' Equity		4,061,563	4,290,164
Total Liabilities and Shareholders' Equity		\$ 4,321,790	\$ 4,693,170

Signed on behalf of the Board of Directors by:

"Douglas Meirelles"

Douglas Meirelles

Director

"Bill O'Hara"

Bill O'Hara

Director

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)

For the three and nine months ended November 30

(Expressed in Canadian Dollars)

	Note	Three Months Ended November 30		Nine Months Ended November 30	
		2022	2021	2022	2021
Expenses					
Administrative and general	12,13	78,614	71,036	\$ 234,605	\$ 262,010
Depreciation	5	121	89	363	267
Foreign exchange		3,161	8,207	(3,098)	11,135
Share-based payments	11	29,653	45,012	95,213	154,163
Total expenses		(111,549)	(124,344)	(327,083)	(427,575)
Other income and expenses					
Interest income		832	51	3,269	4,206
Net loss and comprehensive loss for the period		(110,717)	(124,293)	(323,814)	(423,369)
Loss per share for the period - basic and diluted	14	(0.00)	(0.00)	\$ (0.00)	\$ (0.01)

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

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended November 30

Expressed in Canadian Dollars

	Note	Share Capital	Contributed Surplus	Deficit	Total
Balance February 28, 2021		4,950,241	891,178	(2,940,606)	2,900,813
Net loss for the period		-	-	(423,369)	(423,369)
Share-based payments	11	-	154,163	-	154,163
Shares issued for cash		19,875	-	-	19,875
Share issue costs		(250)	-	-	(250)
Balance at November 30, 2021		4,969,866	1,045,341	(3,363,975)	2,651,232

	Note	Share Capital	Contributed Surplus	Deficit	Total
Balance at February 28, 2022		6,569,586	1,123,882	(3,403,304)	4,290,164
Net loss for the period		-	-	(323,814)	(323,814)
Share-based payments	11	-	95,213	-	95,213
Balance at November 30, 2022		6,569,586	1,219,095	(3,727,118)	4,061,563

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

South Atlantic Gold Inc.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)

For the nine months ended November 30

(Expressed in Canadian Dollars)

	Note	2022	2021
OPERATING ACTIVITIES			
Loss for the period		\$ (323,814)	\$ (423,369)
Items not affecting cash			
Depreciation	5	363	267
Share-based payments	11	95,213	154,163
Changes in non-cash working capital			
Receivables		(457)	5,258
Prepays		(32,614)	(12,163)
Trade and other payables	8	(593,313)	(260,216)
Cash used in operating activities		(854,622)	(536,060)
INVESTING ACTIVITIES			
Purchase of equipment	5	(1,798)	(706)
Recovery of exploration end evaluation expenditures		-	356,757
Exploration and evaluation asset expenditures	6	(307,307)	(639,624)
Cash used in investing activities		(309,105)	(283,573)
FINANCING ACTIVITIES			
Exercise of warrants	10	-	19,875
Share issue costs	10	-	(250)
Net cash provided by financing activities		-	19,625
Decrease in cash during the period		(1,163,727)	(800,008)
Cash beginning of period		1,266,730	1,092,370
Cash end of period		\$ 103,003	\$ 292,362

Supplemental cash flow information – Note 16

South Atlantic Gold Inc.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

1. CORPORATION INFORMATION

South Atlantic Gold Inc. (the “**Company**” or “**South Atlantic**”) was incorporated on October 17, 2006 under the laws of British Columbia, Canada. On November 19, 2020, the Company changed its name from Jiulian Resources Inc. to South Atlantic Gold Inc. Effective November 24, 2020, the Company commenced trading on the TSX Venture Exchange (the “**Exchange**”) under the new symbol “**SAO**” as a Tier 2 issuer.

The Company’s corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Brazil and Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s current properties include the Big Kidd project located in British Columbia (see Note 6) and an option to earn-in to the Pedra Branca project in Brazil.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated condensed interim financial statements for the three and nine month period ended November 30, 2022 and 2021 and have been prepared in accordance with IAS 34 Interim Financial Reporting. These consolidated condensed interim financial statements follow the same accounting policies and methods of application of the Company’s most recent annual financial statements. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s February 28, 2022 annual financial statements which have been prepared in accordance with in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The consolidated condensed interim financial statements were authorized for issue by the Board of Directors on January 23, 2023.

These consolidated condensed interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The consolidated condensed interim financial statements are presented in Canadian dollars (“CDN”), which is the Company’s functional currency. The preparation of consolidated condensed interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated condensed interim financial statements are disclosed in Note 4.

Going Concern

The Company has not generated revenues from its operations to date. These consolidated condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the nine months ended November 30, 2022, the Company had a net loss of \$323,814 (2021 – \$423,369), and as of that date, an accumulated a deficit of \$3,727,118 (February 28, 2022 – \$3,403,304). The Company will continue to have to raise funds in order to continue the development of its exploration properties and general operations.

South Atlantic Gold Inc.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS (cont'd)

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and consolidated condensed interim statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. To date, there has not been any significant impact.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated condensed interim financial statements:

Basis of Consolidation

These consolidated condensed interim financial statements include the accounts of:

	% of ownership	Jurisdiction	Principal Activity
South Atlantic Gold Brasil Exploração Mineral Ltda.	100	Brazil	Exploration

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

South Atlantic Gold Inc.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated condensed interim financial statements are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

South Atlantic Gold Inc.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Furniture & Fixtures
Cost	
Balance at February 28, 2021	\$7,643
Additions	751
Balance at February 28, 2022	8,394
Additions	1,798
Balance at November 30, 2022	10,192
Depreciation and impairment losses	
Balance at February 28, 2021	6,851
Depreciation for the period	356
Write-off equipment	436
Balance February 28, 2022	7,643
Depreciation for the period	363
Balance at November 30, 2022	8,006
Carrying amounts	
Carrying value at February 28, 2022	-
Carrying value at November 30, 2022	\$2,186

6. EXPLORATION AND EVALUATION ASSETS

	Brazil		
	Pedra Branca	Bid Kidd	Total
Balance at February 28, 2021	\$928,200	\$1,322,295	\$2,250,495
Exploration costs	1,413,047	7,519	1,420,566
Rehabilitation Provision	12,152	-	12,152
Recovery of exploration and evaluation asset expenditures	-	(356,757)	(356,757)
Balance at February 28, 2022	2,353,399	973,057	3,326,456
Exploration costs	762,266	5,575	767,841
Option payment received	-	(10,000)	(10,000)
Balance at November 30, 2022	\$3,115,665	\$968,632	\$4,084,297

BRAZIL

Pedra Branca Property

The Company entered into a definitive agreement (the “**Option Agreement**”) with Jaguar Mining Inc. (“**Jaguar**”) effective July 29, 2020 to acquire up to a 100% interest in the Pedra Branca property (the “**Pedra Branca Property**”) tenement package, located in Ceará State, North-eastern Brazil (the “**Acquisition**”).

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FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

BRAZIL

Pedra Branca Property

Pursuant to the Option Agreement the Company has acquired a 100% interest in the Pedra Branca Property by completing exploration expenditures totalling a minimum of US\$1 million and delivered a NI 43-101 (National Instrument) technical report on the Pedra Branca Property subject to underlying royalties to the original vendors which include:

- i. Base Metal – 1.0% on gross revenues over any production for as long as there is effective production and sales;
- ii. Gold (“Au”) Deposit:
 - a. In the case of Measured and Indicated Resources of up to 200,000 Au oz = 0.5% royalty on gross revenues and a US\$500,000 payment due within 3 months after commercial production; and
 - b. In the case of Measured and Indicated Resources in excess 200,000 Au oz = 1.0% royalty on gross revenues and in this scenario 0.5% of the royalty may be purchased for US\$750,000.

CANADA

Big Kidd Property

The Company, on March 30, 2011, pursuant to a purchase agreement (the “**Agreement**”) acquired a 100% interest in the Big Kidd Property, located in British Columbia subject to net smelter royalty of 2.5% (the “**Royalty**”). Upon commencement of commercial production, the Company has the right to purchase a 60% interest in the Royalty for \$500,000 and the remaining 40% Royalty for \$1,000,000 at any time within three years following the commencement of commercial production.

Effective November 4, 2022 the Company entered into an option agreement, further amended on January 4, 2023 to divest its 100% interest of the Big Kidd Project, British Columbia, to Quetzal Copper Limited (“**Quetzal**”), a British Columbia, corporation for a total consideration of \$4.8 million and a 2% net smelter royalty (“**NSR**”) upon completion of the required milestones.

Option Terms

Cash Payments

- A cash payment totalling \$150,000 to South Atlantic, subject to a Qualifying Financing by Quetzal (\$10,000 received, with the balance due on or before March 4, 2023 subject to Quetzal completing a Qualifying Financing);
- \$200,000 per year on or before the 1st, 2nd, 3rd and 4th anniversary of the option signing date (November 4th, 2022);
- At the 5-year anniversary of the signing, Quetzal will make a cash payment of \$350,000 or if Quetzal is publicly listed on a recognized stock exchange in North America it may elect to issue common shares with a market value of \$350,000 to South Atlantic;

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

CANADA (cont'd)

Big Kidd Property (cont'd)

Further Milestone payments

- Following the completion of 40,000 meters of drilling at Big Kidd, Quetzal will make a payment of \$300,000 in cash or shares, at its election (if listed on a recognized stock exchange in North America);
- Following the filing of a Pre-Feasibility Study on Big Kidd, Quetzal will make a cash payment of \$1,200,000 in cash or shares, at its election (if listed on a recognized stock exchange in North America);
- Following the filing of a Feasibility Study on Big Kidd, Quetzal will make a payment of \$2,000,000 (if listed on a recognized stock exchange in North America);

Net Smelter Royalty

- South Atlantic Gold will retain a net smelter royalty of 2% over asset, of which 1% may be bought back by Quetzal for \$2 million. In the event that there is a third party offer for such 1% royalty, Quetzal will retain a right of first refusal to purchase the royalty on terms no less favourable than the third party offer to South Atlantic. The remaining 1% royalty will be at South Atlantic's discretion.

During the comparative period ended November 30, 2021, the Company received a mineral and exploration tax credit refund of \$356,757 for exploration and evaluation expenditures incurred during the years ended February 29, 2020 and February 28, 2019 on the Big Kidd Property.

Realization

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production or proceeds from the disposition thereof.

a) Title

Although the Company has taken steps to ensure the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

b) Environmental

Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

South Atlantic Gold Inc.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

7. RECLAMATION BOND

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Big Kidd property. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia. The reclamation bond includes a guaranteed investment certificate with a maturity date of December 6, 2022 and an interest rate of prime less 2.4%.

8. TRADE AND OTHER PAYABLES

	November 30 2022	February 28 2022
Trade payables	\$245,855	\$387,863
Due to related parties - Note 13	14,372	2,991
Total	\$260,227	\$390,854

9. REHABILITATION PROVISION

The Company fulfils its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation. Management will continue to assess asset retirement obligations as future exploration activity is undertaken. As at November 30, 2022, provisions of \$Nil (February 28, 2022 - \$12,152) were recorded.

10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value.

The following is a summary of changes in share capital from March 1, 2021 to November 30, 2022

	Number	Issue Price	Total
Balance at February 28, 2021	59,066,667	-	\$4,950,241
Shares issued for private placement	35,000,000	\$0.050	1,750,000
Exercise of warrants	265,000	\$0.075	19,875
Fair value of warrants transferred on exercise	-	-	4,055
Share issue costs	-	-	(154,585)
Balance at February 28, 2022 and November 30, 2022	94,331,667	-	\$6,569,586

During the period ended November 30, 2022 there were no shares issued.

South Atlantic Gold Inc.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

During the year ended February 28, 2022, the Company issued the following:

On December 17, 2021, the Company completed a non-brokered private placement and issued 35,000,000 common shares at a price of \$0.05 for gross proceeds of \$1,750,000 (the “**Offering**”).

In connection with the Offering, the Company has paid aggregate finders' fees of \$94,140 in cash and issued 1,882,800 finders warrants (“**2021 Agent Warrant**”). Each 2021 Agent Warrant entitles the holder to acquire one additional Common Share at a price of \$0.06 per share until December 17, 2023.

The fair value of the non-cash share issuance costs of \$48,783 for the 2021 Agents Warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: share price on issuance date of \$0.05, exercise price of \$0.06, risk-free interest rate of 0.99%, average projected volatility of 107.94%, dividend yield of nil, average expected life of the options of 2 years and the fair value of the warrants of \$0.03.

Additional transfer agent and filing fees in the amount of \$11,662 were incurred in connection with the Offering.

Pursuant to the exercise of agents warrants, the Company issued 265,000 common shares at an exercise price of \$0.075 per common share. On the exercise of these warrants, \$4,055 was transferred from contributed surplus to share capital.

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from March 1, 2021 to November 30, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 28, 2021	28,686,667	\$0.12
Expired	(15,136,667)	\$0.10
Balance at February 28, 2022	13,550,000	\$0.10
Expired	(13,550,000)	\$0.10
Balance November 30, 2022	-	-

As at November 30, 2022, there were not share purchase warrants outstanding.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

c) Agents' Warrants

The following is a summary of changes in agents' warrants from March 1, 2021 to November 30, 2022:

	Number of Agents Warrants	Weighted Average Exercise Price
Balance at February 28, 2021	941,250	\$0.075
Exercised	(265,000)	\$0.075
Granted	1,882,800	\$0.060
Balance at February 28, 2022	2,559,050	\$0.044
Expired	(676,250)	\$0.15
Balance at November 30, 2022	1,882,800	\$0.060

As at November 30, 2022, 1,882,800 (February 28, 2022 – 2,559,050) agent warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.05 (February 28, 2022 – 1.49) years as follow:

Expiry Date	Exercise Price	Number of Warrants
December 17, 2023	\$0.06	1,882,800

11. SHARE-BASED PAYMENTS

a) Option Plan Details

On July 9, 2020 the directors adopted a rolling 10% stock option plan further approved by shareholders on October 22, 2021 (the "**Option Plan**") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options shall vest as specified by the Board of Directors and in accordance with the policies of the Exchange.

The following is the summary of changes in options from March 1, 2021 November 30, 2022:

	Number of Options	Weighted Average Exercise Price
Balance, February 28, 2021	5,000,000	\$0.07
Expired/forfeited	(1,095,000)	\$0.11
Granted	3,560,000	\$0.06
Balance at February 28, 2022	7,465,000	\$0.09
Expired/forfeited	(315,000)	\$0.14
Balance at November 30, 2022	7,150,000	\$0.09

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

As at November 30, 2022 the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
December 18, 2023	\$0.07	525,000	525,000	-
July 9, 2025	\$0.05	300,000	300,000	-
November 10, 2025	\$0.14	2,765,000	2,765,000	-
January 5, 2027	\$0.06	3,560,000	890,000	2,670,000
		7,150,000	4,480,000	2,670,000

a) Fair Value of Options Issued During the Period

During November 30, 2022 and 2021 there were no options granted. As at November 30, 2022, 7,150,000 (February 28, 2022 – 7,465,000) options were outstanding of which 4,480,000 (February 28, 2022 – 3,851,667) were exercisable under the Plan with a weighted average contractual life of 2.93 (February 28, 2022 – 3.68) years.

b) Expenses Arising from Share-based Payment Transactions

The total fair value of options vested during the period ended November 30, 2022 was \$95,213 (November 30, 2021 - \$154,163) of which has been recorded as a share-based payment expense in the consolidated condensed interim statements of comprehensive loss with a corresponding increase in contributed surplus.

12. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	For the Three Months Ended November 30		For the Nine Months Ended November 30	
		2022	2021	2022	2021
Administrative and General Expenses					
Accounting and legal		\$21,000	\$27,025	\$46,375	43,434
Consulting	13	10,522	40,459	24,592	103,887
Website, advertising, shareholder communication		9,178	10,666	26,950	43,974
Office and administration fees	13	30,417	(14,329)	110,913	46,250
Insurance		5,057	3,515	13,094	10,488
Regulatory fees		-	210	2,029	2,212
Rent	13	1,500	1,500	5,000	6,750
Transfer agent fees		594	1,004	2,146	3,943
Travel		346	986	3,506	1,072
		\$78,614	\$71,036	\$234,605	262,010

South Atlantic Gold Inc.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

a) Key Management Compensation

The Company's related parties include key management personnel and directors. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Direct remuneration paid to the Company's directors and key management personnel during the nine months ended November 30, 2022 and 2021 are as follows:

	November 30 2022	November 30 2021
Key management personnel compensation comprised:		
Consulting fees:	\$124,020	\$93,318
Administration	6,706	\$17,363
Share based payments:	80,560	128,709
	\$211,286	\$239,390

Included in trade and other payables are amounts due to officers, directors and former officers, directors and related parties for fees and expenses of \$14,372 at November 30, 2022 (February 28, 2022 - \$2,991).

b) Rent

The Company currently pays Golden Ridge Resources Ltd. (a company with a common officer) rent and expenses on a month-to-month basis for shared offices space at approximately \$500 per month effective May 1, 2022 (\$750 per month previously) for a total \$5,000 for the period ended November 30 (2021 - \$6,750).

14. LOSS PER SHARE

	November 30 2022	November 30 2021
Net loss attributable to ordinary shareholders	(\$323,814)	(\$423,369)
Weighted average number of common shares	94,331,667	59,227,594
Basic and diluted loss per share	(\$0.00)	(\$0.01)

15. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada and Brazil. The Company has exploration and evaluation assets of which \$968,632 (February 28, 2022 - \$973,057) is in Canada and \$3,115,665 (February 28, 2022 - \$2,353,399) is in Brazil.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (un-audited)

FOR THE THREE AND NINE MONTHS ENDED November 30, 2022 AND 2021

(Expressed in Canadian Dollars)

16. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the nine months ended November 30, 2022 and 2021 the following transactions were excluded from the consolidated condensed interim statements of cash flows:

- i) Included in accounts payable is \$182,880 (2021 - \$163,313) of exploration that are capitalized to exploration and evaluation assets.