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TSX-V: KES

**KESSELRUN RESOURCES LTD.
CONDENSED INTERIM FINANCIAL
STATEMENTS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS ENDED
APRIL 30, 2023 AND 2022**

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022**

The accompanying unaudited condensed interim financial statements of Kesselrun Resources Ltd. (the “Company”) for the three and nine months ended April 30, 2023 and 2022, 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 condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

KESSELRUN RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)



	Note	April 30, 2023	July 31, 2022
ASSETS			
Current			
Cash		\$ 494,975	\$ 1,634,087
Receivables	11	12,070	250,341
Prepaid expenses	10	3,058	149,197
Marketable securities	5	332,271	459,220
		842,374	2,492,845
Exploration and evaluation assets	4	10,215,446	9,322,784
Total assets		\$ 11,057,820	\$ 11,815,629
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		\$ 37	\$ 2,536
Accrued liabilities		713	22,531
Due to related parties	9	572,812	797,345
Note payable	9	123,717	116,555
Flow-through share premium liability	8	-	196,884
		697,279	1,135,851
Shareholders' equity			
Share capital	6	12,014,772	12,014,772
Share-based payment reserve	6	2,851,364	2,851,364
Deficit		(4,505,595)	(4,186,358)
Total shareholders' equity		10,360,541	10,679,778
Total liabilities and shareholders' equity		\$ 11,057,820	\$ 11,815,629

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors:

Joao (John) da Costa
Director

Michael John Thompson
Director

KESSELRUN RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)



	Note	Three months ended April 30,		Nine months ended April 30,	
		2023	2022	2023	2022
Expenses:					
Accounting and audit	9	\$ 13,800	\$ 17,044	\$ 42,105	\$ 41,044
Administration	9	12,000	12,000	36,000	36,000
Advertising and promotion		22,964	61,095	40,336	265,294
Consulting	9	23,692	43,500	101,080	100,500
Filing fees		12,418	16,519	32,625	30,165
Legal fees		106	8,738	475	12,597
Management fees	9	37,500	37,500	112,500	112,500
Meals and entertainment		55	-	55	160
Office expenses		2,013	1,316	12,865	7,339
Project investigation costs		2,533	-	2,533	3,191
Share-based compensation		-	-	-	50,411
Travel		1,436	-	1,436	-
Total expenses		(128,517)	(197,712)	(382,010)	(659,201)
Other items					
Interest on notes payable	9	(2,382)	(2,200)	(7,162)	(6,614)
Recovery of flow-through share premium liabilities	8	-	223,869	196,884	555,356
Unrealized loss on marketable securities	5	(42,217)	(46,269)	(126,949)	(256,511)
Loss and comprehensive loss		\$ (173,116)	\$ (22,312)	\$ (319,237)	\$ (366,970)
Loss per share, basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted:		93,671,837	93,671,837	93,671,837	86,104,465

KESSELRUN RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)



	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total
Balance, July 31, 2021	77,780,356	\$ 10,472,942	\$ 2,322,349	\$ (4,031,883)	\$ 8,763,408
Private placements	15,891,481	2,583,762	416,238	-	3,000,000
Flow-through share premium liability	-	(756,242)	-	-	(756,242)
Share issuance costs - cash	-	(223,324)	-	-	(223,324)
Share issuance costs - warrants	-	(62,366)	62,366	-	-
Share-based compensation	-	-	50,411	-	50,411
Net and comprehensive loss	-	-	-	(366,970)	(366,970)
Balance, April 30, 2022	93,671,837	\$ 12,014,772	\$ 2,851,364	\$ (4,398,853)	\$ 10,467,283
Balance, July 31, 2022	93,671,837	\$ 12,014,772	\$ 2,851,364	\$ (4,186,358)	\$ 10,679,778
Net and comprehensive loss	-	-	-	(319,237)	(319,237)
Balance, April 30, 2023	93,671,837	\$ 12,014,772	\$ 2,851,364	\$ (4,505,595)	\$ 10,360,541

KESSELRUN RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)



	Nine Months Ended April 30,	
	2023	2022
Cash flows used in operating activities		
Loss for the period	\$ (319,237)	\$ (366,970)
Items not affecting cash used in operations		
Accrued interest	7,162	6,614
Foreign exchange gain	3	-
Share-based compensation	-	50,411
Unrealized loss on marketable securities	126,949	256,511
Recovery of flow-through share premium liabilities	(196,884)	(555,356)
Changes in non-cash working capital items		
Receivables	238,271	40,443
Prepaid expenses	45,100	(6,570)
Accounts payable	(2,502)	20,175
Accrued liabilities	(21,818)	(9,683)
Due to related parties	(418,070)	102,406
Net cash used in operating activities	(541,026)	(462,019)
Cash flows used in investing activities		
Exploration and evaluation assets	(598,086)	(2,042,783)
Net cash used in investing activities	(598,086)	(2,042,783)
Cash flows provided by financing activities		
Issuance of common shares for cash	-	3,000,000
Share issuance costs	-	(223,324)
Net cash provided by financing activities	-	2,776,676
Changes in cash	(1,139,112)	271,874
Cash, beginning	1,634,087	3,082,969
Cash, ending	\$ 494,975	\$ 3,354,843

KESSELRUN RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited)



1. NATURE AND CONTINUANCE OF OPERATIONS

Kesselrun Resources Ltd. (the “Company”), was incorporated under the *Business Corporations Act* (British Columbia) on May 18, 2011. The Company is engaged in the acquisition, exploration, and development of mineral properties. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and on OTC QB.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at April 30, 2023, the Company has not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. As at April 30, 2023, the Company had \$494,975 in cash and accumulated a deficit of \$4,505,595, in addition the Company held 1,735,000 common shares of First Mining Finance Corp. (“First Mining”) valued at \$312,300, and 57,886 shares and 28,943 warrants of Treasury Metals Inc. (“Treasury Metals”) valued at \$19,971 (Note 5), which resulted in working capital of \$145,095. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The Company’s head office and principal address is 278 Bay Street, Suite 102, Thunder Bay, ON P7B 1R8.

2. BASIS OF PREPARATION

These condensed interim financial statements were authorized for issue on June 27, 2023, by the directors of the Company.

a) Statement of Compliance and Basis of Presentation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – Interim Financial Reporting. The condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s audited annual financial statements for the year ended July 31, 2022.

3. FINANCIAL INSTRUMENTS AND RISKS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash and marketable securities as measured at fair value in the statement of financial position, using level 1 inputs.

KESSELRUN RESOURCES LTD.NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited)

**Categories of financial instruments**

As at	April 30, 2023	July 31, 2022
Financial assets:		
FVTPL		
Cash	\$ 494,975	\$ 1,634,087
Marketable securities	\$ 332,271	\$ 459,220
Financial liabilities:		
Amortized cost		
Accounts payable	\$ 37	\$ 2,536
Accrued liabilities	\$ 713	\$ 22,531
Due to related parties	\$ 572,812	\$ 797,345
Note payable	\$ 123,717	\$ 116,555

Assets and liabilities measured at fair value on a recurring basis:

As at April 30, 2023	Level 1	Level 2	Level 3	Total
Cash	\$ 494,975	\$ -	\$ -	\$ 494,975
Marketable securities	332,271	-	-	332,271
	\$ 827,246	\$ -	\$ -	\$ 827,246

Accounts payable, accrued liabilities, due to related parties, and note payable approximate their fair value due to the short-term nature of these instruments.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution. As such, the Company's credit risk exposure is minimal.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. Currency risk:

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets, and its foreign currency liabilities at April 30, 2023, comprised 0.01% of the total current liabilities.

KESSELRUN RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022**

(Expressed in Canadian Dollars)

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*iii. Equity price risk:*

Equity price risk is the risk that the fair value of equity/securities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investments in marketable securities.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As of April 30, 2023, the Company had current assets of \$842,374 to settle current liabilities of \$697,279, which had contractual maturities of less than 30 days and were subject to normal trade terms.

4. EXPLORATION AND EVALUATION ASSETS

As of April 30, 2023, and July 31, 2022, the Company's interest in exploration and evaluation assets consisted of the Bluffpoint Property and the Huronian Property. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

Exploration and Evaluation Assets as at April 30, 2023	Bluffpoint	Huronian	Total
Acquisition costs, April 30, 2023 and July 31, 2022	\$ 249,820	\$ 1,084,966	\$ 1,334,786
Deferred exploration costs, July 31, 2022	409,733	7,578,265	7,987,998
Additions:			
Assaying	9,298	153,436	162,734
Camp and travel	50,271	72,504	122,775
Drilling	-	57,122	57,122
Equipment use/rental	272,630	21,006	293,636
Geology	186,225	270,170	456,395
Government grants received	(200,000)	-	(200,000)
Deferred exploration costs, April 30, 2023	728,157	8,152,503	8,880,660
Total exploration and evaluation assets, April 30, 2023	\$ 977,977	\$ 9,237,469	\$ 10,215,446
Exploration and Evaluation Assets as at July 31, 2022	Bluffpoint	Huronian	Total
Acquisition costs, July 31, 2022 and 2021	\$ 249,820	\$ 1,084,966	\$ 1,334,786
Deferred exploration costs, July 31, 2021	409,733	3,840,594	4,250,327
Additions:			
Assaying	-	1,500,166	1,500,166
Camp and travel	-	376,367	376,367
Drilling	-	931,686	931,686
Equipment use/rental	-	157,267	157,267
Geology	-	772,185	772,185
Deferred exploration costs, July 31, 2022	409,733	7,578,265	7,987,998
Total exploration and evaluation assets, July 31, 2022	\$ 659,553	\$ 8,663,231	\$ 9,322,784

Bluffpoint Project

The Company holds a 100% interest in mining claims located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the “Bluffpoint Project”).

The Bluffpoint Project is subject to a 2% Net Smelter Royalty (“NSR”), of which 1% may be purchased by the Company at any time for \$1,000,000. If the optionors decide to dispose of their remaining 1% NSR, the Company has the first right of refusal to acquire the remaining 1% NSR on the same terms and conditions that the optionors propose to dispose of their NSR.

Huronian Gold Project

The Company holds a 100% interest in the Huronian Gold Project (“Huronian Project”) located in Moss Township, Thunder Bay Mining Division, Ontario.

The Huronian Project is subject to NSR ranging from 2% to 2.5% of which the Company retains a right to purchase up to 50% by paying up to \$2,000,000. In addition, the Company retains a right of first refusal to acquire the NSR at the same terms and prices that would be set out in any arm’s length third party offer.

The Company holds a mining claim adjacent to the Huronian Project. The claim is subject to a 2% NSR, of which 1% may be purchased by the Company at any time for the payment of \$1,000,000.

5. MARKETABLE SECURITIES

The Company’s marketable securities consist of 1,735,000 shares of First Mining Gold Corp. listed on Toronto Stock Exchange under the symbol “FF” (the “FF Shares”), 57,886 shares of Treasury Metals Inc. listed on Toronto Stock Exchange under the symbol “TML.TO” (the “Treasury Metals Shares”), and 28,943 warrants to acquire shares of Treasury Metals Inc. listed on Toronto Stock Exchange under the symbol “TML.WT” (the “Treasury Metals Warrants”).

During the three- and nine-month periods ended April 30, 2023 and 2022, the Company did not sell any of its marketable securities.

At April 30, 2023, the investment in FF Shares was valued at \$312,300 (July 31, 2022 - \$433,750), and investment in Treasury Metals Shares and Treasury Metals Warrants was valued at \$19,971 (July 31, 2022 - \$25,470). The Company records its marketable securities as FVTPL. During the three-month period ended April 30, 2023, the Company recorded a loss of \$42,217 on revaluation of its marketable securities to their fair market value (April 30, 2022 - \$46,269). During the nine-month period ended April 30, 2023, the Company recorded a loss of \$126,949 on revaluation of its marketable securities to their fair market value (April 30, 2022 - \$256,511).

6. SHARE CAPITAL

Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Share issuances

During the nine-month period ended April 30, 2023, the Company did not issue any shares of its common stock.

Stock options

The Company has adopted an incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may, from time to time, at their discretion and in accordance with TSX-V requirements, grant stock options to directors, officers and technical consultants for up to 10% of the issued and outstanding common shares of the Company. Such options are exercisable for a period of up to five years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

KESSELRUN RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022**

(Expressed in Canadian Dollars)

(Unaudited)



A summary of the changes in stock options outstanding is as follows:

	Nine months ended April 30, 2023		Year ended July 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning	4,550,000	\$ 0.25	4,000,000	\$ 0.25
Granted	-	n/a	600,000	\$ 0.25
Cancelled or expired	(1,375,000)	\$ 0.10	(50,000)	\$ 0.25
Outstanding and exercisable, ending	3,175,000	\$ 0.32	4,550,000	\$ 0.25

Stock options at April 30, 2023, are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of options outstanding and exercisable
\$0.05	January 16, 2025	1.72	400,000
\$0.30	August 10, 2025	2.28	425,000
\$0.40	January 6, 2026	2.69	1,000,000
\$0.40	July 14, 2026	3.21	800,000
\$0.25	December 21, 2026	3.65	550,000
\$0.32		2.81	3,175,000

Share-purchase warrants

A summary of the changes in share-purchase warrants outstanding is as follows:

	Nine months ended April 30, 2023		Year ended July 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning	20,014,847	\$0.27	11,012,701	\$0.31
Issued	-	n/a	9,002,146	\$0.22
Expired	(11,012,701)	\$0.31	-	n/a
Outstanding, ending	9,002,146	\$0.22	20,014,847	\$0.27

Share-purchase warrants at April 30, 2023, are as follows:

Exercise price	Expiry date	Remaining life (years)	Number of warrants outstanding
\$0.175	December 8, 2023	0.61	1,056,404
\$0.23	December 8, 2023	0.61	7,945,742
\$0.22		0.61	9,002,146

7. COMMITMENT

On December 8, 2021, the Company completed the December 2021 Financing which included FT Units and Charity FT Units for total proceeds of \$3,000,000. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2022. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at April 30, 2023, the Company had used all of the funds raised through December 2021 Financing on qualified exploration expenses.

KESSELRUN RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022**

(Expressed in Canadian Dollars)

(Unaudited)

**8. FLOW-THROUGH SHARE PREMIUM LIABILITY**

Balance, July 31, 2021	\$ 423,247
December 2021 Financing, share premium liability on flow-through units	325,721
December 2021 Financing, share premium liability on flow-through units sold to charitable purchasers	430,521
Reversal recognized upon expenditures being incurred	(982,605)
Balance, July 31, 2022	196,884
Reversal recognized upon expenditures being incurred	(196,884)
Balance, April 30, 2023	\$ -

During the three-month period ended April 30, 2023, the Company recorded \$Nil (April 30, 2022 - \$223,869) in income from the flow-through share premium as a result of qualified exploration expenditures being met.

During the nine-month period ended April 30, 2023, the Company recorded \$196,884 (April 30, 2022 - \$555,356) in income from the flow-through share premium as a result of qualified exploration expenditures being met.

9. RELATED PARTY TRANSACTIONS

Related parties include the directors, officers, key management personnel, close family members and entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

The remuneration of related parties including directors and key management was as follows:

	Nine months ended April 30,	
	2023	2022
Exploration and evaluation expenditures incurred to a private company controlled by certain directors and officers of the Company (Note 4)	\$ 908,727	\$ 2,042,783
Accounting, consulting, and administrative fees incurred to a private company controlled by an officer of the Company	\$ 112,500	\$ 112,500
Management fees incurred to a private company controlled by an officer of the Company	\$ 112,500	\$ 112,500
Share-based compensation on options granted to certain directors and officers of the Company	\$ -	\$ 37,809

The balances due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At April 30, 2023, the balance payable to related parties was \$572,812 (July 31, 2022 - \$797,345).

In addition, at April 30, 2023, the Company was indebted to a private company controlled by certain directors and officers in the amount of \$123,717 (July 31, 2022 - \$116,555) under the loan payable. The loan bears interest at 8% per annum compounded monthly, is unsecured and due on demand. During the three-month period ended April 30, 2023, the Company recorded interest expense of \$2,382 (April 30, 2022 - \$2,200). During the nine-month period ended April 30, 2023, the Company recorded interest expense of \$7,162 (April 30, 2022 - \$6,614).

KESSELRUN RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023 AND 2022**

(Expressed in Canadian Dollars)

(Unaudited)

**10. PREPAID EXPENSES**

Prepaid expenses consisted of the following:

	April 30, 2023	July 31, 2022
Prepaid exploration costs	\$ -	\$ 101,039
Prepaid operating expenses	3,058	48,158
Total prepaid expenses	\$ 3,058	\$ 149,197

11. RECEIVABLES

Receivables consisted of the following:

	April 30, 2023	July 31, 2022
GST receivable	\$ 12,070	\$ 232,105
Refund receivable	-	18,236
Total receivables	\$ 12,070	\$ 250,341