



(An exploration-stage company)

Condensed consolidated interim financial statements

Three months ended March 31, 2023 and 2022

(Expressed in Canadian dollars)



NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of 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 condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

As at		March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	Note	\$	\$
ASSETS			
Current			
Cash and cash equivalents		26,961	54,557
Accounts receivable	4	1,251	1,321
Prepaid expenses and deposits		1,290	1,638
Advance payment of mineral concessions	9	9,013	-
		38,515	57,516
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	21,970	17,788
Due to related parties	6, 8	-	7,395
Loans with related party	6, 8	1,626,206	1,535,617
		1,648,176	1,560,800
SHAREHOLDERS' DEFICIENCY			
Share capital	7	3,484,022	3,484,022
Contributed surplus		870,442	870,442
Foreign currency reserve		40,872	83,117
Deficit		(6,004,997)	(5,940,865)
		(1,609,661)	(1,503,284)
		38,515	57,516
Nature of operations and going concern uncertainty	1		

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

Approved by the board of directors and authorized for issue on May 24, 2023

"James Robertson"

Director

"Horacio Alcocer"

Director

GFM RESOURCES LIMITED

(an exploration-stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

		Three months ended March 31	
	Note	2023	2022
		\$	\$
EXPENSES			
Administration and accounting	8	15,000	15,000
Audit and legal		6,315	7,832
Property examination costs	9	8,711	6,882
Filing and transfer agent fees		2,624	2,601
Directors' fees	8	6,000	6,000
Office and sundry		1,722	1,467
Foreign exchange loss (gain)		(8,517)	(11,698)
Loss before other expenses		(31,855)	(28,084)
Other (expenses)			
Interest on loans	6	(32,058)	(11,411)
Mexican taxes		(219)	(593)
Loss for the period		(64,132)	(40,088)
Other comprehensive income (loss)			
Exchange differences on translating foreign operations, net of tax		(42,245)	(4,993)
Total comprehensive loss for the period		(106,377)	(45,081)
Loss per share (basic and diluted)		(0.00)	(0.00)
Weighted average number of shares outstanding (basic and diluted)		19,085,071	19,085,071

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

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited, prepared by management)

(Expressed in Canadian Dollars)

	Note	Three months ended March 31	
		2023	2022
		\$	\$
Operating activities			
Loss for the period		(64,132)	(40,088)
Adjustments for items not involving cash:			
- Non-cash interest accrued on loans	6	32,058	11,411
- Non-cash impact of foreign exchange translation		(9,201)	(13,397)
Changes in non-cash working capital items:			
- Accounts receivable		70	(428)
- Prepaid expenses and deposits		348	147
- Advance payment of mineral concessions	9	(9,013)	(6,995)
- Accounts payable and accrued liabilities		410	2,050
- Amounts due to related parties	6, 8	(7,395)	7,623
Cash used in operating activities		(56,855)	(39,677)
Cash flows from financing activities			
Loans from related party	6, 8	80,358	38,031
Interest repayment on loan from related party	6	(51,294)	(11,841)
Cash generated from financing activities		29,064	26,190
Effect of foreign exchange translation on cash		195	(9)
Net change in cash		(27,596)	(13,496)
Cash, beginning of the period		54,557	39,547
Cash, end of the period		26,961	26,051
Supplementary information with respect to cash flows:			
Income taxes paid in cash		-	-
Interest paid in cash including value-added tax	6, 13	(55,066)	(11,841)

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

GFM RESOURCES LIMITED

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Share capital		Contributed	Foreign		
	Amount	Value	surplus	currency reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, December 31, 2021	19,085,071	3,484,022	870,442	135,627	(5,635,664)	(1,145,573)
Comprehensive loss for the period	-	-	-	(4,993)	(40,088)	(45,081)
Balance, March 31, 2022	19,085,071	3,484,022	870,442	130,634	(5,675,752)	(1,190,654)
Comprehensive loss for the period	-	-	-	(47,517)	(265,113)	(312,630)
Balance, December 31, 2021	19,085,071	3,484,022	870,442	83,117	(5,940,865)	(1,503,284)
Comprehensive loss for the period	-	-	-	(42,245)	(64,132)	(106,377)
Balance, March 31, 2023	19,085,071	3,484,022	870,442	40,872	(6,004,997)	(1,609,661)

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

GFM RESOURCES LIMITED

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars except where indicated)

1. Nature of operations and going concern uncertainty

GFM Resources Limited (the "Company") was incorporated under the laws of British Columbia, Canada, on September 3, 1987. During the year ended December 31, 2000, the Company continued its operation in the Yukon Territory under the Business Corporation Act of Yukon and registered as an extra-provincial company in British Columbia under the laws of British Columbia. The addresses of the Company's offices are:

- Administration: Suite 1100 – 1111 Melville Street, Vancouver, BC V6E 3V6, Canada.
- Registered records: Suite 1500 – 1055 West Georgia St., Vancouver, BC, V6E 4N7, Canada.

The Company is in the business of acquisition, exploration and development of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has incurred significant losses since inception, and has a working capital deficiency, as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Deficit	(6,004,997)	(5,940,865)
Working capital deficiency:	(1,609,661)	(1,503,284)

The Company's majority shareholder is Compañía Minera Autlán, S.A.B. de C.V. ("Autlan"), a company from Mexico that is controlled by a director of the Company. Continued operations of the Company are dependent on the Company's ability to obtain public equity financing or to receive continued financial support from its controlling shareholder, Autlan. There can be no assurance the Company will be successful in achieving these goals and, accordingly, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and these adjustments could be material.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company is monitoring developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian dollars except where indicated)

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on May 24, 2023.

(b) Critical accounting estimates

The preparation of interim 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. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

3. Significant accounting policies

The accounting policies followed for the preparation of these condensed consolidated interim financial statements are consistent with those described in the December 31, 2022, annual consolidated financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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4. Accounts receivable

	March 31, 2023	December 31, 2022
	\$	\$
Canadian GST receivable (i)	1,251	1,321

The company files its Goods and Services Tax (GST) returns with the Canada Revenue Agency on a quarterly schedule.

During the three months ended March 31, 2023, the Company wrote off an amount of \$219 (2022 - \$593) of Value-added-tax in Mexico ("Impasto al Valor Agregado" – "IVA"). In Mexico IVA is charged at a rate of 16%, and can be credited to any amounts of IVA payable or claimed back from the tax authorities, but only when the invoices that gave rise to it have been effectively paid by the Company. While most of the IVA receivable or creditable corresponds to IVA on the interest portion of the Subsidiary Agreement (Note 6) invoiced by Autlan to the Company, it was decided to write down the amount to zero due to the uncertainty about the timing in which this amount could be recovered or applied to any IVA payable.

There was no change in the amount of Mexican income tax recoverable (impuesto sobre la renta "ISR"). ISR is expected to be eventually recovered as the Company posts annual losses. The Company has generated losses during its years of operation with the exception of 2017 when Autlan forgave the Company's debt up to June 30, 2017. While the cumulative losses of prior and later years have resulted in no income taxes payable, that year's net income, together with certain invoicing transactions between the Company's Mexican subsidiary (the "Subsidiary") and Metallorum Prospección, SAPI de CV ("Prospección") pursuant to a Mandate (Note 8) triggered the requirement of a cash prepayment of interim income taxes in Mexico for the Subsidiary based on a coefficient determined by the net income of 2017, even though the Mandate transaction has not generated income for the Subsidiary. The Subsidiary is expected to be able to claim this prepayment back at the time of filing its 2023 income tax return and that of subsequent years, but there is uncertainty as to the timing and amounts that can be recovered or accrued towards other taxes payable. The Company has terminated the Mandate to avoid these interim tax prepayments in cash in the future.

5. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Trade payables	1,645	65
Accrued liabilities	20,325	17,723
Total	21,970	17,788

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6. Loans with related party

On November 17, 2017, the Company entered into a loan agreement (the "Loan Agreement") with Autlan, with effect from August 1, 2017. Under the terms of the Loan Agreement, Autlan would make available to the Company a line of credit in up to USD \$2,000,000 per year. Advances made under the Loan Agreement bear annual simple interest calculated on the London Interbank Offered Rate ("LIBOR") plus 2%, calculated daily on the outstanding balance. The principal outstanding, together with any accrued but unpaid interest will become due and payable on demand, but such demand shall not to be made unless the Company has sufficient funds to repay the loan. There are no convertibility features on this Loan Agreement. During the three months ended March 31, 2023, the weighted-average interest rate was 6.61% (2022 – 2.22%).

Also on November 17, 2017, Autlan entered into a separate loan agreement with the Company's subsidiary in Mexico (the "Subsidiary Agreement"), with effect from August 1, 2017. Under the terms of the Subsidiary Agreement, Autlan would make available to the Subsidiary a line of credit in up to MXN \$40,000,000 (approximately USD \$2,000,000) per year. Advances made under the Subsidiary Agreement bear annual simple interest calculated on the Bank of Mexico's inter-bank loan rate (TIE for its acronym in Spanish – *Tasa de Interés Interbancaria de Equilibrio*) plus 2%, calculated daily on the outstanding balance. The Subsidiary Agreement has a term of two years, which can be extended upon agreement of the parties. There are no convertibility features on this Subsidiary Agreement. During the three months ended March 31, 2023, the weighted-average interest rate was 13.06% (2022 – 8.01%).

The following is a summary of the loans with Autlan:

	Principal	Interest			Mexican IVA value-added tax (net)	Total
	\$	accrued \$	repaid \$	net \$	\$	\$
Balance, December 31, 2021	1,155,764	144,046	(132,101)	11,945	1,912	1,169,621
Loan Agreement	38,031	4,631	-	4,631	-	42,662
Subsidiary Agreement	-	6,780	(11,841)	(5,061)	(1,895)	(6,956)
Foreign exchange adjustment	(8,344)	1,380	(1,432)	(52)	(17)	(8,413)
Balance, March 31, 2022	1,185,451	156,837	(145,374)	11,463	-	1,196,914
Loan Agreement	183,160	34,140	(11,565)	22,575	-	205,735
Subsidiary Agreement	-	29,018	(14,739)	14,279	3,535	17,814
Foreign exchange adjustment	113,908	1,136	145	1,281	(35)	115,154
Balance, December 31, 2022	1,482,519	221,131	(171,533)	49,598	3,500	1,535,617
Loan Agreement	80,358	19,077	(27,719)	(8,642)	-	71,716
Subsidiary Agreement	-	12,981	(23,575)	(10,594)	(3,772)	(14,366)
Foreign exchange adjustment	30,803	(3,606)	5,770	2,164	272	33,239
Balance, March 31, 2023	1,593,680	249,583	(217,057)	32,526	-	1,626,206

Interest on both the Loan Agreement and Subsidiary Agreement is invoiced to the Company by Autlan on a bi-annual basis. The Company has repaid all interest due on these agreements that was outstanding up to December 31, 2022.

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7. Share capital

- a) Authorized: the Company is authorized to issue an unlimited number of common shares without par value. There are no restrictions on transfers.

- b) Issued and outstanding:

There were 19,085,071 common shares issued and outstanding as of March 31, 2023 and December 31, 2022. No common shares were issued during the three months ended March 31, 2023 or during 2022.

- c) Warrants

There were no warrants outstanding as of March 31, 2023 (December 31, 2022 – Nil, March 31, 2022 - Nil).

- d) Stock options

On May 23, 2006, the Board of Directors approved the adoption of a new incentive stock option plan (the "Plan"), which was approved by the shareholders on June 29, 2006, and ratified by the shareholders at each subsequent annual general meeting of shareholders, including the one held on June 20, 2022. The Plan allows grants of options to a maximum of 10% of the issued and outstanding shares of the Company at any time.

As the Company is currently in the search for mineral property acquisition targets, the stock options granted to the consultants and other non-employees of the Company are to serve as incentive in that process. Therefore, a reliable estimate of the fair value of these options based on the equivalent fair market value of services rendered is very difficult to assess given the unique and varying nature of these services and the lack of comparable market information. Accordingly, the Company has measured share-based payments to non-employees based on the fair value of the equity instruments granted.

There were no stock options outstanding as of March 31, 2023 (December 31, 2022 – Nil, March 31, 2022 – Nil).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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8. Related party transactions

The Company entered into the following transactions with related parties and incurred payments to key management personnel, which were in the normal course of operations, as follows:

Three months ended March 31:	2023	2022
	\$	\$
Management fees paid to a company controlled by the Chief Financial Officer of the Company:	15,000	15,000
Director's fees:	6,000	6,000
Advances pursuant to Loan Agreement: ⁽ⁱ⁾	80,358	38,031
Interest accrued on advances: ^(i,ii)	32,058	11,411
Interest repaid on Loan Agreement and Subsidiary Agreement (including Mexican value added tax):	(55,066)	(13,736)

⁽ⁱ⁾ Pursuant to the Loan Agreement with Autlan (Note 6).

⁽ⁱⁱ⁾ Pursuant to the Subsidiary Agreement with Autlan (Note 6).

The amounts due to related parties are as follows:

As at:	March 31, 2023	December 31, 2022
	\$	\$
Amounts owed to Autlan pursuant to Loan Agreement (Note 6):	1,195,615	1,123,938
Amounts owed to Autlan by Subsidiary pursuant to Subsidiary Agreement (Note 6):	430,591	411,679
Management fees and reimbursable expenses owed to a company controlled by an officer of the Company:	-	5,295
Directors' fees owed to a company controlled by a director of the Company:	-	2,100
	1,626,206	1,543,012

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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9. Property examination costs*La Casita, Durango, Mexico*

The Company holds title to three mineral concessions in the state of Durango, Mexico ("La Casita" group of concessions), for which it is paying the semi-annual concession maintenance fees.

Dany II, Guanajuato, Mexico

During the year ended December 31, 2019, the Company issued a bid to the Mexican mining authorities for the potential acquisition of the Dany II concession in the state of Guanajuato, Mexico. The Company's majority shareholder, Autlan, owns other concessions in this area. While the bid was successful, the Mexican Ministry of Mines in Mexico has not issued the concession title. Furthermore, there is no assurance that the Mexican Ministry of Mines will extend issue new concession titles, in which case the Company would attempt to request a refund. If the title is issued, the Company will add this concession to its portfolio of properties for potential exploration.

The summary of property examination costs is as follows:

	Prepaid amount		Expensed	
	As at		Three months ended March 31	
	March 31, 2023	December 31, 2022	2023	2022
	\$	\$	\$	\$
La Casita concession fees	9,013	-	8,711	6,882

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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10. Financial instruments

Pursuant to IFRS 9, the Company classifies cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, due to related parties and loans with related party at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at March 31, 2023, all of the Company's cash and cash equivalents were held either in Canadian dollars, US dollars or Mexican pesos. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs.

A change in the value of the Mexican peso by 10% relative to the Canadian dollar would affect the Company's working capital by approximately \$40,000 (2022 - \$38,000), and its net loss for the year by approximately \$2,000 (2022 - \$2,000).

Interest rate and credit risk

The Company has cash balances and significant debt owed to a majority shareholder. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company is exposed to interest rate risk on its loans with a related party as detailed in Note 6. A change 1% change in interest rate would affect the interest by approximately \$5,900 based on the principal outstanding as at March 31, 2023 (2022 - \$4,600).

Liquidity risk

The Company will depend on the advances provided by Autlan through the Loan Agreement and the Subsidiary Agreement (Note 6). The liquidity risk relates to the low cash position and the dependence on these advances. See Note 1 for further discussion regarding liquidity risks.

11. Capital disclosures

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from the funds received from Autlan as a part of the Loan Agreement (Notes 1 and 6).

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash and cash equivalents to include amounts held in banks. The Company places its cash with institutions of high credit worthiness. On March 31, 2023, the Company had cash and cash equivalents of \$26,861 (December 31, 2022 – \$54,557).

During the year ended December 31, 2022, Autlan demanded repayment of all interest outstanding up to December 31, 2022. This consisted of \$38,771 pursuant to the Loan Agreement of which \$11,565 was repaid during 2022 and the remaining amount during the three months ended March 31, 2023, and of \$41,692 (including IVA) pursuant to the Subsidiary Agreement, of which \$26,580 of interest plus \$4,253 of IVA was paid during 2022 and the remaining amount during the three months ended March 31, 2023.

The Company is not subject to any externally imposed capital requirements.

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12. Supplementary information with respect to cash flows

The following table provides a reconciliation of cash and non-cash related-party liabilities generated from financing activities:

	Balance	Cash	Non-cash	Cash	Non-cash	Balance
	December 31, 2020	Advances	Interest and tax	Interest repayment	Foreign exchange	March 31, 2022
	\$	\$	\$	\$	\$	\$
Loans with related party	1,169,621	38,031	11,411	(13,736)	(8,413)	1,196,914
	March 31, 2022	Advances	Interest and tax	Interest repayment	Foreign exchange	December 31, 2022
	\$	\$	\$	\$	\$	\$
Loans with related party	1,196,914	183,160	63,158	(22,769)	115,154	1,535,617
	December 31, 2020	Advances	Interest and tax	Interest repayment	Foreign exchange	March 31, 2023
	\$	\$	\$	\$	\$	\$
Loans with related party	1,535,617	80,358	32,058	(55,066)	33,239	1,626,206

13. Segmented information

The Company is in one segment, namely mineral exploration in Mexico, with administration in two geographical regions, namely Canada and Mexico.

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