



OUTCROP
SILVER & **GOLD**

OUTCROP SILVER & GOLD CORPORATION

Condensed Interim Consolidated Financial Statements

**For the three and nine months ended May 31, 2023 and 2022
(unaudited)**

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of financial position
(Unaudited - expressed in Canadian dollars)

As at	Notes	May 31, 2023	August 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,974,839	\$ 1,239,346
Receivables		60,481	30,720
Advances and prepaid expenses		223,241	119,579
		<u>5,258,561</u>	<u>1,389,645</u>
Non-current assets			
Equipment	5	170,445	160,718
Mineral properties	6	5,126,758	4,453,461
		<u>5,297,203</u>	<u>4,614,179</u>
Total assets		<u>\$ 10,555,764</u>	<u>\$ 6,003,824</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 400,243	\$ 824,304
Current portion of lease liability	8	13,598	12,637
		<u>413,841</u>	<u>836,941</u>
Non-current liabilities			
Lease liability	8	5,496	14,987
Total liabilities		<u>\$ 419,337</u>	<u>\$ 851,928</u>
SHAREHOLDER'S EQUITY			
Share capital	9	\$ 65,726,257	\$ 55,990,622
Stock-based reserves	9	11,184,493	10,835,413
Warrant reserves	9	15,737,805	13,750,930
Accumulated other comprehensive income (loss)		611	(1,711)
Deficit		(82,512,739)	(75,423,358)
Total shareholders' equity		<u>10,136,427</u>	<u>5,151,896</u>
Total liabilities and shareholders' equity		<u>\$ 10,555,764</u>	<u>\$ 6,003,824</u>
Nature of operations and going concern	1		
Subsequent events	14		

Approved for issue by the Board of Directors on July 20, 2023.

On behalf of the Board of Directors:

"Joseph P. Hebert"

 Joseph P. Hebert, Director

"Kevin Nishi"

 Kevin Nishi, Director

OUTCROP SILVER & GOLD CORPORATION

Condensed interim consolidated statements of loss and comprehensive loss

(Unaudited - expressed in Canadian dollars)

	Note	Three months ended		Nine months ended	
		May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Expenses					
Exploration	6,10	\$ 802,050	\$ 2,061,851	\$ 4,278,776	\$ 4,922,356
Foreign exchange		(39,733)	117,836	20,616	183,442
General and administrative	10	299,769	390,361	910,533	746,813
Investor relations		160,468	192,997	546,242	714,013
Professional fees	10	154,438	127,434	357,649	410,288
Stock-based compensation	9, 10	50,990	374,013	536,929	769,192
Wages and benefits	10	148,087	106,391	447,814	311,746
		(1,576,069)	(3,370,883)	(7,098,559)	(8,057,850)
OTHER INCOME (EXPENSES)					
Gain on disposal of equipment		-	-	7,368	-
Interest income		397	1,613	1,810	4,113
		397	1,613	9,178	4,113
Loss for the period		(1,575,672)	(3,369,270)	(7,089,381)	(8,053,737)
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		(60)	2,752	2,322	3,018
Comprehensive loss for the period		\$ (1,575,732)	\$ (3,366,518)	\$ (7,087,059)	\$ (8,050,719)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.06)
Weighted average number of common shares outstanding – basic and diluted		202,575,700	157,550,899	192,681,865	141,113,735

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

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of cash flows
(Unaudited - expressed in Canadian dollars)

Nine months ended	May 31, 2023	May 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (7,089,381)	\$ (8,053,737)
<i>Adjustments for items not involving cash:</i>		
Depreciation	41,639	25,244
Stock-based compensation	536,929	769,192
Gain on disposal of equipment	(7,368)	-
Interest expense	2,954	-
Unrealized foreign exchange gain	5,094	9,369
	(6,510,133)	(7,249,932)
<i>Net changes in non-cash working capital items:</i>		
Receivables	(29,761)	(11,873)
Advances and prepaid expenses	(103,662)	(44,002)
Accounts payable and accrued liabilities	(424,061)	175,951
Net cash outflows from operating activities	(7,067,617)	(7,129,856)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment acquisitions	(43,901)	(81,169)
Net cash outflows from investing activities	(43,901)	(81,169)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	11,567,628	7,445,806
Share issue costs	(706,264)	(728,620)
Deferred financing costs	-	178,059
Repayment of lease liability	(11,967)	-
Net cash inflows from financing activities	10,849,397	6,895,245
Effect of foreign exchange on cash and cash equivalents	(2,386)	(6,351)
Change in cash and cash equivalents during the period	3,735,493	(322,131)
Cash and cash equivalents, beginning of period	1,239,346	4,453,217
Cash and cash equivalents, end of period	\$ 4,974,839	\$ 4,131,086

Supplemental disclosure with respect to cash flows – Note 13

OUTCROP SILVER & GOLD CORPORATION
Condensed interim consolidated statements of shareholders' equity
(Unaudited - expressed in Canadian dollars)

	Number of Shares	Share Capital	Stock- Based Reserves	Warrant Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, August 31, 2021	132,148,953	\$ 51,605,327	\$ 9,840,297	\$ 11,317,286	\$ (2,377)	\$ (64,015,613)	\$ 8,744,920
Common shares issued	27,997,055	5,188,806	-	2,257,000	-	-	7,445,806
Warrants issued for finder's fees	-	-	-	180,670	-	-	180,670
Share issue costs	-	(909,290)	-	-	-	-	(909,290)
Transfer of fair value of warrants exercised	-	4,026	-	(4,026)	-	-	-
Transfer of fair value of options exercised	-	101,753	(101,753)	-	-	-	-
Stock-based compensation	-	-	769,192	-	-	-	769,192
Foreign currency translation adjustment	-	-	-	-	3,018	-	3,018
Loss for the period	-	-	-	-	-	(8,053,737)	(8,053,737)
Balance, May 31, 2022	160,146,008	\$ 55,990,622	\$ 10,507,736	\$ 13,750,930	\$ 641	\$ (72,069,350)	\$ 8,180,579
Balance, August 31, 2022	160,146,008	\$ 55,990,622	\$ 10,835,413	\$ 13,750,930	\$ (1,711)	\$ (75,423,358)	\$ 5,151,896
Common shares issued	57,980,154	10,160,415	-	2,080,510	-	-	12,240,925
Warrants issued for finders' fees	-	-	-	192,382	-	-	192,382
Share issue costs	-	(898,646)	-	-	-	-	(898,646)
Transfer of fair value of warrants exercised	-	286,017	-	(286,017)	-	-	-
Transfer of fair value of options exercised	-	187,849	(187,849)	-	-	-	-
Stock-based compensation	-	-	536,929	-	-	-	536,929
Foreign currency translation adjustment	-	-	-	-	2,322	-	2,322
Loss for the period	-	-	-	-	-	(7,089,381)	(7,089,381)
Balance, May 31, 2023	218,126,162	\$ 65,743,257	\$ 11,184,493	\$ 15,720,805	\$ 611	\$ (82,512,739)	\$ 10,136,427

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

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Outcrop Gold & Silver Corporation (“Outcrop” or the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol OCG.

The Company’s corporate registered and records office is located at #905 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company is engaged in the identification, acquisition, exploration, and development of mineral properties in Colombia. The Company has not placed any of its mineral properties into production and is therefore considered to be in the exploration stage. These condensed interim consolidated financial statements (“Consolidated Financial Statements”) of the Company for the nine months ended May 31, 2023 are comprised of the results of the Company and its subsidiaries.

These Consolidated 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 in the foreseeable future. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These events and conditions indicate that 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 reflect adjustments that would be necessary if the going concern assumption were not appropriate, which 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, the COVID-19 global pandemic from March 2020, political conflict in other regions, and supply chain disruptions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company’s business or ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the Principles of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended August 31, 2022.

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended May 31, 2023 and 2022
(Unaudited - expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that are measured at fair value, using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”), which has been determined for each entity within the Company using an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The functional currency of Outcrop, the parent company, is the Canadian dollar; that of the Company’s US subsidiary, Miranda Gold USA, Inc. is the United States dollar. The functional currency of all the Company’s Canadian subsidiaries is the Canadian dollar, and that of all the Colombian branch operations and Colombian simplified share companies is also the Canadian dollar.

Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended August 31, 2022.

New standards, interpretations and amendments adopted during the period

A number of new standards, amendments to standards and interpretations are not yet effective as of May 31, 2023 and have therefore not been applied in preparing these condensed interim consolidated financial statements. None are expected to have a material effect on the condensed interim financial statements of the Company.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: amortized cost; fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI").

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2023	August 31, 2022
Cash and cash equivalents	Fair value	\$ 4,974,839	\$ 1,239,346
Receivables	Amortized cost	\$ 16,016	\$ 15,690
Accounts payable and accrued liabilities	Amortized cost	\$ 400,243	\$ 824,304
Lease liability	Amortized cost	\$ 19,094	\$ 27,624

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. Cash and cash equivalents is recorded at fair value and is calculated under the fair value hierarchy and measured using Level 1 inputs. The carrying value of the Company's lease liability approximates its fair value due to being discounted with a rate of interest that approximates market rates.

Risk Management

All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended August 31, 2022.

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended May 31, 2023 and 2022
(Unaudited - expressed in Canadian dollars)

5. EQUIPMENT

	Computer Equipment	Furniture and Fixtures	Field Equipment	Right- of-use asset	TOTAL
Cost					
Balance at August 31, 2021	\$ 154,855	\$ 10,057	\$ 145,857	\$ -	\$ 310,769
Assets acquired	10,319	-	36,457	51,986	98,762
Assets retired	(4,220)	-	-	-	(4,220)
Foreign exchange adjustments	5,534	394	2,104	-	8,032
Balance at August 31, 2022	\$ 166,488	\$ 10,451	\$ 184,418	\$ 51,986	\$ 413,343
Assets acquired	-	-	90,139	-	90,139
Assets retired	-	-	(60,865)	-	(60,865)
Foreign exchange adjustments	623	392	2,095	-	3,110
Balance at May 31, 2023	\$ 167,111	\$ 10,843	\$ 215,787	\$ 51,986	\$ 445,727
Accumulated depreciation					
Balance at August 31, 2021	\$ 149,338	\$ 10,057	\$ 88,463	\$ -	\$ 247,858
Amortization	2,885	-	17,278	6,933	27,096
Assets retired	(11,350)	-	(18,935)	-	(30,285)
Foreign exchange adjustments	5,458	394	2,104	-	7,956
Balance at August 31, 2022	\$ 146,331	\$ 10,451	\$ 88,910	\$ 6,933	\$ 252,625
Amortization	5,630	-	33,410	2,599	41,639
Assets retired	-	-	(21,995)	-	(21,995)
Foreign exchange adjustments	527	392	2,094	-	3,013
Balance at May 31, 2023	\$ 152,488	\$ 10,843	\$ 102,419	\$ 9,532	\$ 275,282
Net book value, August 31, 2021	\$ 5,517	\$ -	\$ 57,394	\$ -	\$ 62,911
Net book value, August 31, 2022	\$ 20,157	\$ -	\$ 95,508	\$ 45,053	\$ 160,718
Net book value, May 31, 2023	\$ 14,623	\$ -	\$ 113,368	\$ 42,454	\$ 170,445

OUTCROP SILVER & GOLD CORPORATION**Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended May 31, 2023 and 2022***(Unaudited - expressed in Canadian dollars)***6. MINERAL PROPERTIES**

Outcrop acquires mineral properties through application, staking, and third-party vendors, some of which are subject to net smelter return royalties (“NSR”) or underlying lease payments. Subsequent to the acquisition of mineral properties, the Company may enter into agreements to sell a portion of its interests in its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash, or share-based payments.

Mineral Properties as at May 31, 2023

	August 31, 2022	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	May 31, 2023
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	673,297	-	-	-	4,408,747
	4,453,461	673,297	-	-	-	5,126,758
TOTAL	\$ 4,453,461	\$ 673,297	\$ -	\$ -	\$ -	\$ 5,126,758

Mineral Properties as at August 31, 2022

	August 31, 2021	Additions	Recoveries	Impairment/ Write off project	Effect of movement in exchange rates	August 31, 2022
Antares	\$ 112,987	\$ -	\$ -	\$ -	\$ -	\$ 112,987
Argelia	265,240	-	-	-	-	265,240
Mallama	298,216	-	-	-	-	298,216
Oribella	41,568	-	-	-	-	41,568
Santa Ana	3,735,450	-	-	-	-	3,735,450
	4,453,461	-	-	-	-	4,453,461
TOTAL	\$ 4,453,461	\$ -	\$ -	\$ -	\$ -	\$ 4,453,461

Exploration Expenditures incurred for the nine months ended May 31, 2023 and 2022

	For the nine months ended May 31,	
	2023	2022
Antares	\$ 2,567	\$ 25,225
Argelia	10,032	6,701
Mallama	11,454	39,118
Oribella	10,032	25,225
Santa Ana	4,227,077	4,819,386
General exploration	17,614	6,701
TOTAL	\$ 4,278,776	\$ 4,922,356

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

6. MINERAL PROPERTIES *(continued)*

Antares Project

On October 9, 2015, the Company executed an option agreement (the “Antares Option”) by and among Activos Mineros de Colombia S.A.S. (“AMC”), the Company, the Company’s subsidiary MAD II, and the Colombian Branch of MAD II to acquire the Antares property with minimum operation payments and a share issuance by the Company due according to the schedule below. Upon commencing commercial production (as defined in the agreement), the minimum operation payments will cease and the payment of a 1.8% NSR will commence.

The Company must meet the following payment schedule to maintain the option:

- US\$60,000 on October 9, 2015 *(paid)*;
- US\$60,000 on October 9, 2016 *(paid)*;
- US\$70,000 within 30 days of the Registration Date of the Mining Concession Contract (“Registration Date”);
- US\$80,000 and 150,000 common shares on the first anniversary of the Registration Date;
- US\$90,000 on the 2nd anniversary of the Registration Date;
- US\$100,000 on the 3rd anniversary of the Registration Date;
- US\$120,000 on the 4th anniversary of the Registration Date;
- US\$120,000 on the 5th anniversary of the Registration Date;
- US\$150,000 on the 6th anniversary of the Registration Date and for each successive anniversary.

Furthermore, the Company must adhere to a schedule of minimum exploration expenditures as follows:

- US\$200,000 within the first two years following the Registration Date;
- US\$200,000 during the 3rd year following the Registration Date (cumulative spend US\$400,000);
- US\$300,000 during each of the 4th and 5th years following the Registration Date (cumulative spend US\$700,000 and \$1,000,000, respectively);
- US\$500,000 during each of the 6th and 7th years following the Registration Date (cumulative spend US\$1,500,000 and US\$2,000,000, respectively).

The minimum exploration expenditure schedule may be suspended for up to two years in any period in which the Company does not have a suitable joint venture partner funding expenditures on the project. As at May 31, 2023, the Company has not yet registered the project.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

Argelia Project

On June 15, 2017, the Company executed an option agreement (the “Argelia Option”) by and among Bullet Holding Corp. (“Bullet”), Esquimal S.O.M. (“Esquimal”), and the Company to acquire the Argelia property, consisting of three applications.

The Company must meet the following payment schedule to maintain the option:

- US\$100,000 by June 22, 2017 (*paid*);
- 162,427 common shares upon TSX-V approval of issuance (*issued*);
- US\$100,000 upon conversion of applications to titles;
- US\$100,000 upon receipt of approval for forestry subtraction or upon the Company commencing drill applications for any of the titles;
- US\$100,000 upon receipt of drill permits;
- US\$250,000 upon announcement of an NI 43-101 resource of >500,000 oz/au total in all categories (M+I+I) (“Announcement Date”);
- US\$250,000 one year following the Announcement Date.

A residual net profits interest (“NPI”) of 4% or an NSR of 1.5%, whichever is greater, will be payable to the vendor until US\$6,000,000 has been paid, at which time an NSR of 1.5% will be payable for the life of the mine.

Mallama Project

On August 31, 2017, Outcrop completed the acquisition of the Mallama Project (“Mallama”) by an outright purchase of 100% of the shares of the Colombian simplified share company, Mallama SAS.

During the fiscal year ended August 31, 2017, Outcrop paid a total of \$298,216 in outstanding fees due to Agencia Nacional de Minería (“ANM”) prior to the final effective date of the purchase. Upon receipt of suitable drill permits on Mallama, without any future time constraint, Outcrop is required to make an additional payment of US\$200,000 to the former shareholders of Mallama SAS. An NSR of 4% will be payable to the former shareholders, with a minimum of US\$1,000,000 payable within three years of the commencement of commercial production, capped at US\$4,000,000 over the life of the mine.

Oribella Project

On May 13, 2014, the Company acquired the Oribella Project in the Antioquia Department of Colombia through a purchase agreement with Antioquia Gold Inc. (“Antioquia Gold”).

Upon registration of the property with ANM as a contract, Outcrop will reimburse Antioquia Gold for the application payment of COP 101,136,976 (approximately US\$35,000). Oribella is subject to a 0.5% royalty to Antioquia Gold that can be purchased for US\$1,500,000 and a 2% royalty to Barrick Gold.

OUTCROP SILVER & GOLD CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended May 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

Santa Ana Project

On January 24, 2020, the Company completed the acquisition of 100% of the Santa Ana project located in the Municipality of Falan, Tolima Department, Colombia through the purchase of all of the issued and outstanding shares of Malew. Consideration of 24,000,000 common shares of Outcrop with a value of \$2,640,000 were issued for all of the issued and outstanding shares of Malew. Malew's wholly owned subsidiary, Santa Ana S.A.S., owns the Santa Ana Project.

On July 28, 2020, the Company increased the Santa Ana land position with the acquisition of additional adjacent claims at a cost of \$333,433 (US\$250,000) and 1,000,000 shares of the Company valued at \$580,000. On November 14, 2022, the Company issued 2,104,054 common shares with a value of US\$500,000 after the first of the mining concession agreements was registered in the Assignee's name with the National Mining Registry. Within 15 days following the date on which the remaining mining concession agreements are registered in the Assignee's name with the National Mining Registry, the company will issue US\$500,000 in common shares of the Company. The vendors retained a 2% NSR royalty interest in the concession agreements. The Company has the option to purchase 1% of the NSR for US\$500,000 cash.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	May 31, 2023	August 31, 2022
Accounts payable and accrued liabilities – Canada	\$ 240,841	\$ 119,748
Accounts payable and accrued liabilities – United States	11,906	3,104
Accounts payable and accrued liabilities – Colombia	106,210	663,628
Amounts payable to related parties – Canada	1,932	-
Amounts payable to related parties – Colombia	39,354	37,824
TOTAL	\$ 400,243	\$ 824,304

OUTCROP SILVER & GOLD CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended May 31, 2023 and 2022
(Unaudited - expressed in Canadian dollars)

8. LEASE LIABILITY

The Company's lease liability relates to the office lease entered into by the Company's 100% owned subsidiary in Colombia. In connection with the lease, the Company recorded a right-of-use asset of \$51,986 within equipment and a corresponding lease liability of \$51,986. The Company's incremental borrowing rate for the lease is 17%.

	Lease liability	
Balance, August 31, 2021	\$	-
Additions		51,986
Lease payments		(32,834)
Interest expense		13,192
Foreign exchange difference		(4,720)
Balance, August 31, 2022	\$	27,624
Lease payments		(11,967)
Interest expense		2,954
Foreign exchange difference		483
Balance, May 31, 2023	\$	19,094
	Current portion of lease liability	13,598
	Long-term portion of lease liability	5,496

9. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Share Issuance

At May 31, 2023, the Company had 218,126,162 common shares issued and outstanding (May 31, 2022 – 160,146,008).

During the nine months ended May 31, 2023, the Company:

- Issued 7,804,000 common shares under its at-the-market equity program (the “ATM Program”) for gross proceeds of \$2,190,743. The ATM Program was established during the year ended August 31, 2021, and allows the Company to issue and sell, at its discretion, up to \$5,000,000 of common shares in the capital of the Company to the public from time to time at the prevailing market price when the common shares are issued.
- The Company completed a public offering by issuing 18,097,000 units at a price of \$0.25 per unit for gross proceeds of \$4,524,250. Each unit is comprised of one common share and one-half common share purchase warrant, which is exercisable at price of \$0.35 for a period of 24 months. The Company also issued 1,085,820 broker warrants exercisable at \$0.25 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$3,756,000 to common shares and \$768,250 to warrants.
- The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation of gross proceeds between shares and warrants were an expected life of 2 years, an expected dividend of \$nil, a risk-free interest rate of 3.68%, and an expected volatility of 96.69%.
Cash share issuance costs of \$521,793 were paid in relation to the financing, in addition to an issuance of 1,085,820 finders’ warrants with an exercise price of \$0.25 per share, valued at \$115,037 using the Black-Scholes Option-Pricing Model assumptions above.
- Issued 1,450,000 common shares following the exercise of stock options at prices between \$0.10-\$0.22 per common share for gross proceeds of \$209,000.
- Issued 5,696,700 common shares following the exercise of share purchase warrants at a price between \$0.20-\$0.37 per common share for gross proceeds of \$1,219,374.
- The Company completed a private placement financing by issuing 22,828,400 units at a price of \$0.15 per unit for gross proceeds of \$3,424,260. Each unit is comprised of one common share and one common share purchase warrant, which is exercisable at price of \$0.22 for a period of 36 months. The Company also issued 732,002 broker warrants exercisable at \$0.22 for a period of 36 months. The proceeds of the financing were allocated on a relative fair value basis as \$2,112,000 to common shares and \$1,312,260 to warrants.

The assumptions used in the Black-Scholes Option-Pricing Model for the relative fair value allocation of gross proceeds between shares and warrants were an expected life of 3 years, an expected dividend of \$nil, a risk-free interest rate of 3.78%, and an expected volatility of 107.37%.

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9. SHARE CAPITAL *(continued)*

Cash share issuance costs of \$184,468 were paid in relation to the financing, in addition to an issuance of 732,002 finders' warrants with an exercise price of \$0.22 per share, valued at \$77,345 using the Black-Scholes Option-Pricing Model assumptions above.

- On November 14, 2022, the Company issued 2,104,054 common shares with a fair value of \$673,297 (US\$500,000) to Activos Mineros De Colombia S.A.S. as part payment for the Santa Ana project (Note 6) after the first of the mining concession agreements was registered in the Assignee's name with the National Mining Registry.

During the nine months ended May 31, 2022, the Company:

- Issued 1,000,000 common shares following the exercise of stock options at prices between \$0.10-\$0.17 per common share for gross proceeds of \$112,250.
- Issued 100,000 common shares following the exercise of share purchase warrants at price of \$0.20 per common share for gross proceeds of \$20,000.
- Issued 1,341,500 common shares under its at-the-market equity program (the "ATM Program") for gross proceeds of \$413,556.
- The Company completed a financing by issuing 25,555,555 units of the Company at a price of \$0.27 per unit for gross proceeds of \$6,900,000. Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.37 for a period of 24 months following the closing of the offering. The Company also issued 1,200,001 broker warrants exercisable at \$0.27 for a period of 24 months. The proceeds of the financing were allocated on a relative fair value basis as \$4,643,000 to common shares and \$2,257,000 to warrants.

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of 10% of the Company's issued and outstanding common shares to its directors, officers, employees, and consultants. The stock options can be granted for a maximum term of ten years and vesting terms of each stock option grant is determined by the Board of Directors at the time of the grant.

The Company also has an award plan (the "RSU/DSU Plan") which permits the grant of restricted share units of the Company ("RSUs") and/or deferred share units of the Company ("DSUs") whereby the maximum number of common shares reserved for issue under the RSU/DSU Plan shall not exceed 19,550,246 common shares of the Company. In addition, the aggregate number of common shares issuable pursuant to the RSU/DSU Plan combined with all of the Company's other securities-based compensation arrangements, including the Company's stock option plan, shall not exceed 10% of the Company's outstanding shares. The term for the restricted period of any RSU granted shall not exceed ten years. No RSUs or DSUs have been issued.

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9. SHARE CAPITAL (continued)

The stock option continuity for the nine months ended May 31, 2023, is as follows:

Number Outstanding August 31, 2022	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,950,000	-	(500,000)	-	2,450,000	\$ 0.10	Feb 7, 2025	1.69
200,000	-	-	-	200,000	\$ 0.56	Jul 24, 2025	2.15
1,950,000	-	-	-	1,950,000	\$ 0.40	Oct 20, 2025	2.39
3,000,000	-	-	-	3,000,000	\$ 0.30	Apr 19, 2026	2.89
500,000	-	-	(500,000)	-	\$ -	Aug 5, 2026	-
100,000	-	(100,000)	-	-	\$ -	Oct 25, 2022	-
250,000	-	-	(50,000)	200,000	\$ 0.24	Aug 5, 2026	3.18
500,000	-	(500,000)	-	-	\$ -	Jan 13, 2027	-
3,850,000	-	(150,000)	-	3,700,000	\$ 0.22	Apr 08, 2027	3.86
1,300,000	-	(200,000)	-	1,100,000	\$ 0.13	Apr 08, 2027	3.86
-	900,000	-	-	900,000	\$ 0.25	Oct 05, 2027	4.35
-	400,000	-	-	400,000	\$ 0.26	Oct 05, 2027	4.35
14,600,000	1,300,000	(1,450,000)	(550,000)	13,900,000	\$ 0.24	(weighted average)	3.07
			Exercisable	13,475,000	\$ 0.24	(weighted average)	3.03

The stock option continuity for the nine months ended May 31, 2022, is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
110,000	-	-	(110,000)	-	\$ 0.90	Jan 25, 2022	-
3,775,000	-	(825,000)	-	2,950,000	\$ 0.10	Feb 7, 2025	2.69
175,000	-	(175,000)	-	-	\$ 0.17	May 13, 2025	-
200,000	-	-	-	200,000	\$ 0.56	Jul 24, 2025	3.15
2,200,000	-	-	(1,250,000)	950,000	\$ 0.40	Oct 20, 2025	3.39
1,000,000	-	-	-	1,000,000	\$ 0.63	Oct 20, 2025	3.39
3,900,000	-	-	(900,000)	3,000,000	\$ 0.30	Apr 19, 2026	3.89
1,250,000	-	-	(750,000)	500,000	\$ 0.24	Aug 5, 2026	4.18
-	100,000	-	-	100,000	\$ 0.20	Oct 25, 2022	0.40
-	300,000	-	(50,000)	250,000	\$ 0.24	Aug 5, 2026	4.18
-	500,000	-	-	500,000	\$ 0.16	Jan 13, 2027	4.62
-	3,900,000	-	-	3,900,000	\$ 0.22	Jan 13, 2027	4.86
12,610,000	4,800,000	(1,000,000)	(3,060,000)	13,350,000	\$ 0.24	(weighted average)	3.84
			Exercisable	9,962,500	\$ 0.25	(weighted average)	3.53

As at May 31, 2023, a total of 13,475,000 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of \$0.24.

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9. SHARE CAPITAL (continued)

Stock-Based Compensation

The fair value of each option granted to employees, officers, and directors was estimated on the date of the grant using the Black-Scholes Option-Pricing Model.

During the nine months ended May 31, 2023, a total of 1,300,000 stock options were granted (May 31, 2022 – 4,800,000). Options granted during the period vest 25% on the grant date and 25% every three months thereafter, except for options granted to investor relations providers which must vest over a period of one year. The Company recorded \$536,929 in stock-based compensation expense (May 31, 2022 - \$769,192) for options vested during the period. The assumptions used in the Black-Scholes Option-Pricing Model to estimate the fair value of each option grant were an expected life of 5 years, expected dividend of \$nil, and:

	Oct 25, 2021	Nov 15, 2021	Jan 13, 2022	Apr 8, 2022	Jun 23, 2022	Oct 05, 2022	Oct 31, 2022
Risk-free interest rate	0.82%	1.48%	1.50%	2.59%	3.16%	3.42%	3.43%
Expected volatility	83.35%	146.14%	145.89%	146.71%	146.78%	147.00%	147.45%
Fair value	\$ 0.12	\$ 0.20	\$ 0.15	\$ 0.20	\$ 0.12	\$ 0.23	\$ 0.24

d) Share Purchase Warrants

The share purchase warrant continuity for the nine months ended May 31, 2023 is as follows:

Number Outstanding August 31, 2022	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2023	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
9,813,760	-	-	-	9,813,760	\$ 0.40	Feb 22, 2024	0.73
1,590,721	-	-	-	1,590,721	\$ 0.40	Apr 17, 2024	0.88
21,960,000	-	(2,250,000)	-	19,710,000	\$ 0.20	Nov 7, 2024	1.44
10,700,750	-	-	(10,700,750)	-	\$ -	Mar 26, 2023	-
1,246,429	-	-	(1,246,429)	-	\$ -	Mar 26, 2023	-
25,555,555	-	(74,000)	-	25,481,555	\$ 0.37	Mar 09, 2024	0.78
1,200,001	-	-	-	1,200,001	\$ 0.27	Mar 09, 2024	0.78
-	22,828,400	(3,372,700)	-	19,455,700	\$ 0.22	Sep 22, 2025	2.32
-	732,002	-	-	732,002	\$ 0.22	Sep 22, 2025	2.32
-	9,048,500	-	-	9,048,500	\$ 0.35	May 10, 2025	1.95
-	1,085,820	-	-	1,085,820	\$ 0.25	May 10, 2025	1.95
72,067,216	33,694,722	(5,696,700)	(11,947,179)	88,118,059	\$ 0.30	(weighted average)	1.41

The share purchase warrant continuity for the nine months ended May 31, 2022 is as follows:

Number Outstanding August 31, 2021	Granted	Exercised	Expired/Cancelled	Number Outstanding May 31, 2022	Exercise Price per Share	Expiry Date	Weighted Avg Remaining Contractual Life (in years)
2,751,250	-	-	(2,751,250)	-	\$ -	Mar 9, 2022	-
9,813,760	-	-	-	9,813,760	\$ 0.40	Feb 22, 2024	1.73
1,590,721	-	-	-	1,590,721	\$ 0.40	Apr 17, 2024	1.88
22,060,000	-	(100,000)	-	21,960,000	\$ 0.20	Nov 7, 2024	2.44
10,883,928	-	-	-	10,883,928	\$ 0.42	Jun 17, 2022	0.05
10,700,750	-	-	-	10,700,750	\$ 0.60	Mar 26, 2023	0.82
1,246,429	-	-	-	1,246,429	\$ 0.43	Mar 26, 2023	0.82
-	25,555,555	-	-	25,555,555	\$ 0.37	Mar 09, 2024	1.78
-	1,200,001	-	-	1,200,001	\$ 0.27	Mar 09, 2024	1.78
59,046,838	26,755,556	(100,000)	(2,751,250)	82,951,144	\$ 0.36	(weighted average)	1.58

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10. RELATED PARTY TRANSACTIONS

- a) The Company's related parties consist of companies with directors and officers in common, and companies owned in whole or in part by executive officers and directors as follows:

Related Party Name	Nature of Transactions
Northhouse Capital Corp. (" Northhouse "), a company related to Alexander Tong	Consulting as CFO (<i>Resigned in August 2021</i>)
Farris LLP (" Farris "), a company in which Jay Sujir is a partner	Legal services
Slater Corporate Services Corporation (" SCSC "), a company related to Ian Slater	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting

The Company incurred the following fees in connection with companies owned or partially owned by key management (Chief Executive Officer and Chief Financial Officer) and/or directors. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Consulting fees – Northhouse	-	-	-	7,166
Cost reimbursement - SCSC	120,000	54,000	360,000	180,000
Legal fees – Farris	131,770	95,930	137,928	104,536
Total	\$ 251,770	\$ 149,930	\$ 497,928	\$ 291,702

- b) Amounts owing to related parties are disclosed in Note 7. All amounts are unsecured, with no specific terms of repayment.
- c) Compensation of directors and members of key management personnel, including amounts disclosed in Note 10(a) and (b) were as follows:

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Exploration	\$ 57,807	\$ 8,420	\$ 172,506	\$ 153,376
Legal fees ⁽¹⁾	131,769	95,930	137,928	104,536
Reimbursement of expense ⁽²⁾	2,869	9,326	59,123	294,262
Share based compensation	30,116	314,329	341,790	623,953
Wages and benefits	102,591	162,924	303,866	305,445
Total	\$ 325,152	\$ 590,929	\$ 1,015,213	\$ 1,481,572

⁽¹⁾ Amounts are included in professional fees and share issuance costs.

⁽²⁾ Amount is included in general and administrative expenses and wages and benefits.

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11. SEGMENTED DISCLOSURE

The Company operates in the mineral exploration sector within Colombia.

Notes 6 provides disclosure as to the geographic location of the Company's mineral properties and exploration expenditures. The majority of the Company's equipment is located in Colombia.

12. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (Note 9). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of 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 debt, acquire or dispose of assets, or adjust the amount of cash.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions.

To maximize ongoing exploration expenditures, the Company does not pay dividends. The Company's investment policy is to keep its cash treasury on deposit in interest-bearing Canadian chartered bank accounts and short-term guaranteed investment certificates.

The Company estimates that it will require additional funding to carry out its exploration plans and operations through the next twelve months. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the management of capital during nine months ended May 31, 2023.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the nine months ended	May 31, 2023	May 31, 2022
Non-cash investing and financing activities:		
Fair value of finders' warrants	\$ 192,382	\$ 180,670
Relative fair value of unit warrants	2,080,510	2,257,000
Transfer of fair value of options exercised	187,849	101,753
Transfer of fair value of warrants exercised	286,017	4,026
Shares issued for purchase to Activos Mineros	673,297	-
Interest received	\$ 1,810	\$ 4,113

14. SUBSEQUENT EVENTS

Subsequent to May 31, 2023, the Company granted 8,000,000 stock options to directors, officers and employees at \$0.22 per share, expiring on July 20, 2028.