

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34055



TIMBERLINE RESOURCES CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State of other jurisdiction of incorporation or organization)

82-0291227

(I.R.S. Employer Identification No.)

101 EAST LAKESIDE AVENUE  
COEUR D'ALENE, IDAHO

(Address of Principal Executive Offices)

83814

(Zip Code)

(208) 664-4859

(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	TLRS TBR	OTCQB TSX-V

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐  
Non-Accelerated Filer ☒

Accelerated Filer ☐  
Small Reporting Company ☒  
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

Number of shares of issuer's common stock outstanding at August 11, 2023: 159,676,152

## INDEX

	Page
PART I — FINANCIAL INFORMATION	3
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	3
Contents	3
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.	12
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	22
ITEM 4. CONTROLS AND PROCEDURES	22
PART II — OTHER INFORMATION	24
ITEM 1. LEGAL PROCEEDINGS.	24
ITEM 1A. RISK FACTORS	24
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.	24
ITEM 3. DEFAULTS UPON SENIOR SECURITIES.	24
ITEM 4. MINE SAFETY DISCLOSURES	24
ITEM 5. OTHER INFORMATION	24
SIGNATURES	26

## PART I — FINANCIAL INFORMATION

### ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES

### Contents

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*Page*

*FINANCIAL STATEMENTS (UNAUDITED):*

<i>Condensed consolidated balance sheets</i>	<i>4</i>
<i>Condensed consolidated statements of operations</i>	<i>5</i>
<i>Condensed consolidated statements of changes in stockholders' equity</i>	<i>6</i>
<i>Condensed consolidated statements of cash flows</i>	<i>7</i>
<i>Notes to condensed consolidated financial statements</i>	<i>8 - 11</i>

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	June 30, 2023	September 30, 2022
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 172,416	\$ 2,438,587
Prepaid expenses and other current assets	32,946	18,444
TOTAL CURRENT ASSETS	<u>205,362</u>	<u>2,457,031</u>
PROPERTY, MINERAL RIGHTS AND EQUIPMENT, net	<u>14,127,178</u>	<u>13,980,855</u>
OTHER ASSETS:		
Reclamation bonds	528,643	528,643
Deposits and other assets	5,700	5,700
TOTAL OTHER ASSETS	<u>534,343</u>	<u>534,343</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,866,883</u>	<u>\$ 16,972,229</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 76,827	\$ 639,994
Accrued expenses	4,204	22,214
Accrued interest – related party	104,998	57,966
Accrued payroll, benefits and taxes	38,480	42,143
Senior unsecured note payable – related party	270,991	270,991
TOTAL CURRENT LIABILITIES	<u>495,500</u>	<u>1,033,308</u>
LONG-TERM LIABILITIES:		
Asset retirement obligation	142,325	124,159
TOTAL LONG-TERM LIABILITIES	<u>142,325</u>	<u>124,159</u>
TOTAL LIABILITIES	<u>637,825</u>	<u>1,157,467</u>
COMMITMENTS AND CONTINGENCIES (Note 7)	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized, 159,676,152 and 159,676,152 shares issued and outstanding, respectively	159,676	159,676
Additional paid-in capital	90,029,519	89,955,640
Accumulated deficit	(75,960,137)	(74,300,554)
TOTAL STOCKHOLDERS' EQUITY	<u>14,229,058</u>	<u>15,814,762</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 14,866,883</u>	<u>\$ 16,972,229</u>

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

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
OPERATING EXPENSES:				
Mineral exploration	\$ 108,761	\$ 896,465	\$ 727,827	\$ 2,696,797
Salaries and benefits	88,363	71,819	278,840	219,750
Professional fees	58,393	61,234	171,904	155,938
Insurance expense	40,821	43,204	125,739	116,651
Other general and administrative	80,477	149,748	313,156	332,254
TOTAL OPERATING EXPENSES	<u>376,815</u>	<u>1,222,470</u>	<u>1,617,466</u>	<u>3,521,390</u>
LOSS FROM OPERATIONS	<u>(376,815)</u>	<u>(1,222,470)</u>	<u>(1,617,466)</u>	<u>(3,521,390)</u>
OTHER INCOME (EXPENSE):				
Foreign exchange gain (loss)	648	(214,347)	6,931	(210,683)
Interest expense	(1,049)	(503)	(2,530)	(1,636)
Interest expense – related party	(16,381)	(13,701)	(47,031)	(39,337)
Miscellaneous other income	56	72	513	151
TOTAL OTHER INCOME (EXPENSE)	<u>(16,726)</u>	<u>(228,479)</u>	<u>(42,117)</u>	<u>(251,505)</u>
LOSS BEFORE INCOME TAXES	<u>(393,541)</u>	<u>(1,450,949)</u>	<u>(1,659,583)</u>	<u>(3,772,895)</u>
INCOME TAX PROVISION (BENEFIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET LOSS	<u>\$ (393,541)</u>	<u>\$ (1,450,949)</u>	<u>\$ (1,659,583)</u>	<u>\$ (3,772,895)</u>
NET LOSS PER SHARE BASIC AND DILUTED	<u>\$ nil</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	<u>159,676,152</u>	<u>159,468,089</u>	<u>159,676,152</u>	<u>146,378,612</u>

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

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**  
**For the three and nine months ended June 30, 2023 and 2022**

	Common Stock		Additional	Subscription	Accumulated	Total
	Shares	Amount	Paid-in	Receivable	Deficit	Stockholders' Equity
<b>Balance, September 30, 2022</b>	<b>159,676,152</b>	<b>\$ 159,676</b>	<b>\$ 89,955,640</b>	<b>\$ -</b>	<b>\$ (74,300,554)</b>	<b>\$ 15,814,762</b>
Stock based compensation	-	-	51,708	-	-	51,708
Net loss	-	-	-	-	(881,543)	(881,543)
<b>Balance December 31, 2022</b>	<b>159,676,152</b>	<b>\$ 159,676</b>	<b>\$ 90,007,348</b>	<b>\$ -</b>	<b>\$ (75,182,097)</b>	<b>\$ 14,984,927</b>
Stock based compensation	-	-	11,087	-	-	11,087
Net loss	-	-	-	-	(384,499)	(384,499)
<b>Balance, March 31, 2023</b>	<b>159,676,152</b>	<b>\$ 159,676</b>	<b>\$ 90,018,435</b>	<b>\$ -</b>	<b>\$ (75,566,596)</b>	<b>\$ 14,611,515</b>
Stock based compensation	-	-	11,084	-	-	11,084
Net loss	-	-	-	-	(393,541)	(393,541)
<b>Balance, June 30, 2023</b>	<b>159,676,152</b>	<b>\$ 159,676</b>	<b>\$ 90,029,519</b>	<b>\$ -</b>	<b>\$ (75,960,137)</b>	<b>\$ 14,229,058</b>

	Common Stock		Additional	Subscription	Accumulated	Total
	Shares	Amount	Paid-in	Receivable	Deficit	Stockholders' Equity
<b>Balance, September 30, 2021</b>	<b>139,696,022</b>	<b>\$ 139,696</b>	<b>\$ 85,345,213</b>	<b>\$ -</b>	<b>\$ (68,338,647)</b>	<b>\$ 17,146,262</b>
Stock based compensation	-	-	44,321	-	-	44,321
Net loss	-	-	-	-	(1,624,223)	(1,624,223)
<b>Balance December 31, 2021</b>	<b>139,696,022</b>	<b>\$ 139,696</b>	<b>\$ 85,389,534</b>	<b>\$ -</b>	<b>\$ (69,962,870)</b>	<b>\$ 15,566,360</b>
Common stock issued for exercise of warrants	1,546,425	1,546	214,953	(70,000)	-	146,499
Net loss	-	-	-	-	(697,723)	(697,723)
<b>Balance, March 31, 2022</b>	<b>141,242,447</b>	<b>\$ 141,242</b>	<b>\$ 85,604,487</b>	<b>\$ (70,000)</b>	<b>\$ (70,660,593)</b>	<b>\$ 15,015,136</b>
Common stock issued for cash, net	18,933,705	18,934	4,420,653	-	-	4,439,587
Refund of subscription receivable	(500,000)	(500)	(69,500)	70,000	-	-
Net loss	-	-	-	-	(1,450,949)	(1,450,949)
<b>Balance, June 30, 2022</b>	<b>159,676,152</b>	<b>\$ 159,676</b>	<b>\$ 89,955,640</b>	<b>\$ -</b>	<b>\$ (72,111,542)</b>	<b>\$ 18,003,774</b>

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

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Nine months Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (1,659,583)	\$ (3,772,895)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock-based compensation	73,879	44,321
Accretion of asset retirement obligation	5,145	4,434
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(14,502)	(21,858)
Accounts payable	(563,167)	19,310
Accrued expenses	(18,010)	(22,946)
Accrued expenses – related party	-	19,790
Accrued interest – related party	47,032	39,337
Accrued payroll, benefits and taxes	(3,663)	3,946
Net cash used by operating activities	<u>(2,132,869)</u>	<u>(3,686,561)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of mineral rights	(54,000)	(54,000)
Refund of reclamation bond	-	10,053
Payments for mineral rights	(79,302)	-
Net cash used by investing activities	<u>(133,302)</u>	<u>(43,947)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of common stock and warrants, net	-	4,439,587
Proceeds from exercise of warrants	-	146,499
Net cash provided by financing activities	<u>-</u>	<u>4,586,086</u>
Net increase (decrease) in cash and cash equivalents	(2,266,171)	855,578
<b>CASH AT BEGINNING OF PERIOD</b>	2,438,587	3,327,352
<b>CASH AT END OF PERIOD</b>	<u>\$ 172,416</u>	<u>\$ 4,182,930</u>

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

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023 (Unaudited)**

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**NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS:**

Timberline Resources Corporation (“Timberline” or “the Company”) was incorporated in August of 1968 under the laws of the State of Idaho as Silver Crystal Mines, Inc., for the purpose of exploring for precious metal deposits and advancing them to production. In 2008, the Company reincorporated into the State of Delaware, pursuant to a merger agreement approved by its shareholders.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- a. *Basis of Presentation and Going Concern* – The unaudited condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information, as well as the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of the Company’s management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair statement of the interim condensed consolidated financial statements have been included. Operating results for the nine-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2023.

For further information refer to the consolidated financial statements and footnotes thereto in the Company’s Annual Report on Form 10-K/A as amended for the year ended September 30, 2022.

The accompanying condensed consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company has incurred losses since its inception. The Company does not have sufficient cash to fund normal operations and meet all of its obligations for the next 12 months without raising additional funds and fund planned exploration programs that require significant cash expenditures. The Company currently has no historical recurring source of revenue, and its ability to continue as a going concern is dependent on its ability to raise equity and/or debt capital to fund future exploration and working capital requirements, or the Company’s ability to profitably execute its business plan. The Company’s plans for the long-term return to and continuation as a going concern include financing its future operations through sales of common stock and/or debt and the eventual profitable exploitation of its mining properties. 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 factors raise substantial doubt about the Company’s ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis were not appropriate for these condensed consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

- b. *New Accounting Pronouncements* - Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption.
- c. *Principles of Consolidation* – The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, BH Minerals USA, Inc.; Lookout Mountain LLC; Wolfpack Gold (Nevada) Corp.; Staccato Gold Resources, Ltd.; and Talapoosa Development Corp., after elimination of intercompany accounts and transactions.
- d. *Net Income (Loss) per Share* – Basic earnings per share (“EPS”) is computed as net income (loss) available to common shareholders divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities.

The dilutive effect of outstanding securities as of June 30, 2023 and 2022 is as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Stock options	6,035,000	8,335,000
Warrants	38,402,384	57,414,898
Total potential dilution	<u>44,437,384</u>	<u>65,749,898</u>

At June 30, 2023 and 2022, the effect of the Company’s common stock equivalents would have been anti-dilutive and



**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023 (Unaudited)**

therefore are excluded in the calculation of diluted EPS.

**NOTE 3 – PROPERTY, MINERAL RIGHTS, AND EQUIPMENT:**

The following is a summary of property, mineral rights, and equipment and accumulated depreciation at June 30, 2023 and September 30, 2022, respectively:

	Expected Useful Lives (years)	June 30, 2023	September 30, 2022
Mineral rights – Eureka	-	\$ 13,701,838	\$ 13,647,838
Mineral rights – Seven Troughs, New York Canyon and other ARO Asset	-	248,227	168,925
		125,636	112,615
Total mineral rights		14,075,701	13,929,378
Equipment and vehicles	2-5	53,678	53,678
Office equipment and furniture	3-7	70,150	70,150
Land	-	51,477	51,477
Total property and equipment		175,305	175,305
Less accumulated depreciation		(123,828)	(123,828)
Property, mineral rights, and equipment, net		\$ 14,127,178	\$ 13,980,855

Mineral rights at Eureka increased by \$18,000 and \$54,000 for advanced royalty payments to Rocky Canyon Mining Company at Lookout Mountain during the three and nine months ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the ARO asset and the ARO liability increased by \$13,021 and \$nil, respectively as a result of additional acreage disturbed at Eureka. Depreciation expense for the three and nine months ended June 30, 2023 and 2022, was \$0 for each period.

**New York Canyon:**

On August 23, 2022, the Company purchased one patented mining claim, comprising of a total of 13.77 acres commonly known as the South Wales #1 patent within the New York Canyon claim block in Nevada’s Eureka trend, from Newmont Capital Limited for a total of \$41,310. In conjunction with this purchase, the Company granted a 1.5% net smelter return royalty to the seller.

On September 28, 2022, the Company purchased five patented mining claims, comprising of a total of 28.82 acres commonly known as the Tiger Lilly, Eureka Giant, Southern Cross, Maria and Best & Belcher patents with and near the New York Canyon claim block, from the University of Nevada, Reno Foundation for a total of \$86,460. In conjunction with this purchase, the Company granted a 1.5% net smelter return royalty to the seller. Two of the patented claims are not within the New York Canyon claim block but will be included with this designation on the Company’s claims record references.

During the fourth quarter of fiscal 2022 and first quarter of fiscal 2023, the Company purchased an interest in patented claims within the New York Canyon claim block from private parties for \$10,933. In conjunction with the purchase, the Company granted a 0.5% net smelter return royalty to the sellers. During the second quarter of fiscal 2023, the Company purchased an interest in additional patented claims within the New York Canyon claim block from private parties for \$67,237. During the third quarter of fiscal 2023, the Company purchased an interest in additional patented claims within the New York Canyon claim block from private parties for \$1,132.

**NOTE 4 – SENIOR UNSECURED NOTE PAYABLE – RELATED PARTY:**

On July 30, 2018, the Company entered into a loan agreement and promissory note with William Matlack, a significant shareholder and a director. Mr. Matlack loaned the Company \$300,000 in the form of a senior unsecured note payable, with the principal bearing interest at an annual rate of 18%, compounded monthly. The loan is unsecured and has a maturity date of January 20, 2023. On January 20, 2023, the Company entered into an agreement with Mr. Matlack to extend the due date of the note for a period of six months to mature on July 20, 2023, and again on July 31, 2023, agreed with Mr. Matlack to

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023 (Unaudited)**

extend the due date of the note for another six months to January 2024. At June 30, 2023 and September 30, 2022, the senior unsecured note payable balance was \$270,991.

The accrued interest on the senior unsecured note payable – related party was \$104,998 and \$57,966 at June 30, 2023 and September 30, 2022, respectively. Interest expense related to the senior unsecured notes payable to this related party was \$16,381 and \$13,701 for the three months ended June 30, 2023 and 2022, respectively, and \$47,031 and \$39,337 for the nine months ended June 30, 2023 and 2022, respectively.

The \$270,991 senior unsecured note payable would be senior to any other debt obtained by the Company subsequent to September 30, 2021. The note requires that when the Company enters into any other financings, 25% of the proceeds of such financings will be paid toward reduction of the principal and interest accrued on this note. At May 2, 2022 and continuing through June 30, 2023, and again on July 31, 2023 and continuing through January 20, 2024, Mr. Matlack provided a waiver of default on the Note that would otherwise have existed due to a non-payment of cash from sales of common stock for cash under this contract term for the note.

**NOTE 5 – COMMON STOCK AND WARRANTS:**

During the nine months ended June 30, 2023, 2,880,867 Series C warrants, 4,000,000 Series K warrants, and 12,131,647 Series M warrants expired.

At June 30, 2023, the Company has a total of 38,402,384 warrants outstanding with a weighted average exercise price of \$0.19 with a weighted average remaining contractual term of 0.50 years.

On May 2, 2022, the Company closed a non-brokered private placement of the Company to accredited investors at a price of \$0.25 per common share. The Company issued 18,933,705 common shares for cash proceeds of \$4,733,426. Finders fees in the amount of \$293,839 and 1,016,022 Series N Warrants were paid and issued, respectively, to licensed brokers and consultants in association with the offering. The warrants have a term of 18 months and are exercisable at \$0.25 per common share.

During the nine months ended June 30, 2022, 6,825,000 Series E warrants, 5,000,000 Series G warrants and 4,446,016 Series H warrants expired. Also, holders of Series H Warrants exercised 1,546,425 warrants for \$0.14 per share to acquire 1,546,425 shares of the Company's common stock for total cash proceeds of \$146,499 and a subscription receivable of \$70,000 to the Company. The warrant holder decided not to exercise the 500,000 warrants subscribed, the \$70,000 was refunded and the warrants expired, resulting in a total of 1,046,425 shares being issued.

**NOTE 6 – STOCK-BASED AWARDS:**

The Company has a stock plan to issue up to 15,000,000 shares of common stock, including 10,000,000 shares of common stock reserved for incentive stock options. Upon exercise of options or other awards, shares are issued from the available authorized shares of the Company. Option awards are granted with an exercise price equal to the trading price of the Company's stock at the date of grant.

On October 8, 2020, the Company granted a total of 1,100,000 options to purchase shares of the Company's common stock that expire in five years with an exercise price of \$0.25 in conjunction with the appointment of officers and a director. These granted options had a total fair value of \$259,985. These options vested immediately, with the exception of 750,000 options that vest at 25% upon grant with the remaining 75% vesting over a three-year period. During the three and nine months ended June 30, 2023, \$11,084 and \$73,879, respectively, was expensed to share-based compensation, compared to \$nil and \$44,321 for the three and nine months ended June 30, 2022, respectively.

The following is a summary of options issued and outstanding:

	Options	Weighted Average Exercise Price
Outstanding at September 30, 2021	8,335,000	0.18
Granted	-	-
Expired	-	-
Outstanding at September 30, 2022	8,335,000	\$ 0.18
Granted	-	-
Expired	(2,300,000)	0.18

**TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023 (Unaudited)**

Outstanding at June 30, 2023	<u>6,035,000</u>	<u>0.18</u>
Outstanding and exercisable at June 30, 2023	<u>5,847,500</u>	\$ <u>0.17</u>
Weighted average remaining contractual term (years)		<u>2.07</u>

The aggregate of options exercisable as of June 30, 2023 had an intrinsic value of \$nil for both outstanding and vested options, based on the closing price of \$0.06 per share of the Company's common stock on June 30, 2023.

***NOTE 7 – COMMITMENTS AND CONTINGENCIES:***

The Company has the following commitments and contingencies:

*Mineral Exploration*

A portion of the Company's mining claims on the Company's properties are subject to lease and option agreements including advance minimum royalty payments, with various terms, obligations, and royalties payable in certain circumstances.

The Company pays federal and county claim maintenance fees on unpatented claims that are included in the Company's mineral exploration properties. Should the Company continue to explore all of the Company's mineral properties, it estimates annual fees to total approximately \$236,000 per year in the future.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

As used in herein, the terms "Timberline," the "Company," "we," "us," and "our" refer to Timberline Resources Corporation.

*This discussion and analysis contains forward-looking statements that involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Except for historical information, the matters set forth herein, which are forward-looking statements, involve certain risks and uncertainties that could cause actual results to differ. Potential risks and uncertainties include, but are not limited to, unexpected changes in business and economic conditions; significant increases or decreases in gold prices; changes in interest and currency exchange rates; unanticipated grade changes; metallurgy, processing, access, availability of materials, equipment, supplies and water; results of current and future exploration and production activities; local and community impacts and issues; timing of receipt and maintenance of government approvals; accidents and labor disputes; environmental costs and risks; competitive factors, including competition for property acquisitions; and availability of external financing at reasonable rates or at all, and those set forth under the heading "Risk Factors" in our Form 10-K/A filed with the United States Securities and Exchange Commission (the "SEC") on July 12, 2023. Forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance, or achievements. Forward-looking statements are made based on management's beliefs, estimates, and opinions on the date the statements are made, and the Company undertakes no obligation to update such forward-looking statements if these beliefs, estimates, and opinions should change, except as required by law.*

*This discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes. The discussion and analysis of the financial condition and results of operations are based upon the unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis the Company reviews its estimates and assumptions. The estimates were based on historical experience and other assumptions that the Company believes to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but the Company does not believe such differences will materially affect our consolidated financial position or results of operations. Critical accounting policies, the policies the Company believes are most important to the presentation of its consolidated financial statements and require the most difficult, subjective and complex judgments are outlined below in "Critical Accounting Policies" and have not changed significantly.*

### Corporate Overview

Our business is mineral exploration in Nevada with a focus on district-scale gold projects such as our Eureka Project, which includes our material Lookout Mountain Project. We are focused on discovery of high-grade Carlin-type gold and carbonate replacement-type silver-lead-zinc-gold deposits (CRD) at Eureka. The Eureka Property includes the historic Lookout Mountain and Windfall Mines in a total property position of approximately 28 square miles (72 square kilometers).

### Lookout Mountain Project, a material property:

A technical report entitled, Technical Report on the Lookout Mountain Project, Eureka County, Nevada, USA, compliant with Canadian NI 43-101 ("2013 Technical Report"), was completed on March 1, 2013. The 2013 Technical Report was prepared by Mine Development Associates (MDA) of Reno, Nevada under the supervision of Michael M. Gustin, Senior Geologist, who is a qualified person under NI 43-101. The Technical Report details mineralization at the Lookout Mountain Deposit. In addition, significant exploration potential was noted.

Subsequent to the filing of the Company's Annual Report on Form 10-K on December 29, 2022, we re-engaged Mr. Gustin, most recently of RESPEC, to provide an updated report and summary to meet the standards of US Securities and Exchange Commission (SEC) Regulation S-K Subpart 1300. This technical report is entitled S-K 1300 Technical Report Summary: Lookout Mountain Project, Eureka Property, Eureka, Nevada and is dated June 21, 2023, with an effective date of December 31, 2022. The S-K 1300 report updates the previous gold resource calculation to include the potential amenability of the resource to mining by open pit methods. Key information from the Management Summary of the S-K 1300 Technical Report

is included here:

## Lookout Mountain - Mineral Resource Estimate

The gold resources at the Lookout Mountain project (Figure 1), including the Lookout Mountain and South Adit deposits, were modeled and estimated by evaluating the drill data statistically, utilizing the geologic interpretations provided by Timberline to interpret mineral domains on cross sections spaced at 50- and 100-foot intervals, refining the mineral-domain interpretations on level plans spaced at 10-foot intervals, analyzing the modeled mineralization statistically to aid in the establishment of estimation parameters, and interpolating grades into a three-dimensional block model. All modeling of the Lookout Mountain project resources was performed using Gemcom Surpac® mining software.

The Lookout Mountain project resources are presented in Table 2 below:

**Table 2. Lookout Mountain Project Gold Resources**

Measured			Indicated			Measured & Indicated		
Tons	oz Au/ton	oz Au	Tons	oz Au/ton	oz Au	Tons	oz Au/ton	oz Au
2,555,000	0.036	93,000	23,267,000	0.014	330,000	25,819,000	0.017	423,000

Inferred		
Tons	oz Au/ton	oz Au
7,322,000	0.011	84,000

Notes:

- The estimate of the Lookout Mountain project Mineral Resources was completed by RESPEC Company LLC of Reno, Nevada.
- The Mineral Resources are comprised of oxidized model blocks that lie within optimized pits at a cutoff grade of 0.005 oz Au/ton plus unoxidized blocks within the optimized pits at a 0.055 oz Au/ton cutoff.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- The Mineral Resources are potentially amenable to open pit mining methods and are therefore constrained by optimized pits created using a gold price of US\$1,800/oz, a throughput rate of 10,000 tons/day, assumed metallurgical recoveries of 80% for heap-leaching of oxidized materials and 86% for toll milling of unoxidized materials, a mining cost of US\$2.50/ton, heap-leaching processing cost of \$3.60/ton, toll milling cost of \$80.00/ton, general and administrative costs of \$0.83/ton processed, a reclamation cost of \$0.25/ton processed, refining cost of \$3.00/oz Au produced, and an NSR royalty of 3.5%.
- The effective date of the resource estimate is December 31, 2022.
- Rounding may result in apparent discrepancies between tons, grade, and contained metal content.

Timberline does not have permits to operate a mine. The Company operates exploration activities at Lookout Mountain under a Plan of Operations (PoO) approved in 2010 by the Bureau of Land Management (BLM), subject to annual workplan amendments for drilling related disturbance. Additional environmental and engineering studies will be required to support a mine plan of operations with the BLM to comply with the National Environmental Policy Act (NEPA), and to meet State of Nevada Bureau of Mine Regulation and Reclamation and other agency permit requirements.

*(Explanatory Note: The original filing for Form 10-K on December 29, 2022 disclosed Measured & Indicated resources of 508,000 ounces and Inferred resources of 141,000 ounces, The table above reflects a reduction of those estimates of 85,000 ounces and 57,000 ounces, respectively, as a result of the application of the 'pit-constrained' methods as disclosed in the notes to the table above. The application of this constraint appropriately takes into account a measure of economic viability of mining the resources.)*

## Qualified Person's Conclusions and Recommendations on Lookout Mountain

RESPEC has reviewed the project data and has visited the site. RESPEC and Timberline's non-independent QP, Dr. Steven Osterberg, believe the data reviewed is an accurate and reasonable representation of the Lookout Mountain project.

The resources reported above are open along strike in both directions, as well as down dip. The possible extension of the Lookout Mountain deposit south through to the South Adit resource, located approximately 3,500 feet south of the southern

limit of the modeled mineralization at Lookout Mountain, provides the best opportunity for near-term enhancement of project resources. In addition, there is excellent potential to add to the existing resources that lie west of the Ratto Canyon fault at the Lookout Mountain deposit.

### **Ongoing Exploration Work at Lookout Mountain**

Since 2013 Timberline has focused its exploration work outside the Lookout Mountain resource in other parts of the Eureka Property. However, the exploration Plan of Operations includes provisions for drilling and other exploration activity within the resource area and beyond it into other target areas such as the Water Well Zone, Rocky Canyon, and the Graben Zone. While these targets are not addressed in the S-K 1300 Technical Report as part of the Lookout Mountain Project, they and other targets are part of the larger Eureka Property.

To support additional exploration at Lookout Mountain, the Company's environmental consultant advanced an update of the exploration Plan of Operations by expanding the site Cultural Resources Survey. Field work for the survey was completed in 2022, with follow-up analysis continuing through the second quarter of calendar year 2023. The contractor submitted a final report to the BLM in July 2023. As with earlier reviews, multiple cultural avoidance areas are identified and will require additional site screening and potential mitigation prior to completion of field work such as drilling activities. Management does not consider the avoidance areas to be a significant impediment to planned exploration activities as they are typically small areas around which drill sites and access roads can be positioned.

### **New Exploration Targeting for Carlin-type Gold and Carbonate Replacement Deposits:**

Timberline's primary exploration efforts to-date have focused on the discovery of Carlin-type gold deposits such as that at Lookout Mountain and the historical Windfall Mine. Through evaluation of district data, our geologists also recognize potential for the discovery of silver-lead-zinc and gold deposits of the CRD type. Timberline has advanced some of these targets during Q3 of FY 2023.

Ongoing analysis of district exploration data has defined three primary target areas (New York Canyon, Windfall, and Lookout-Oswego areas) for discovery of CRD silver-lead-zinc deposits at Eureka (identified in blue in Figure 1). The following is a discussion of recent work on these targets.

#### *New York Canyon Target*

During Q3/FY2023, the Company completed an acquisition of additional fractional interest in 3 of 9 patented claims previously acquired at New York Canyon. As patented claims, drilling is permissible with minimal permit requirements. The drilling will initially target highly de-calcified and/or silicified rocks of the Ordovician Hanson Creek formation, which carry high-grade gold and silver (Figure 2). Selected rock samples were reported in a Company news release dated February 2, 2023 and are highlighted in the figure. These included samples containing gold values of 55, 32, 23.3, 22.5, and 14.95 g/t and silver values of 750, 582.5, 558, 555, and 299 g/t.

Mapping and sampling at New York Canyon have confirmed the presence of important northwest trending structures that seem to control high-grade rock sampling and much of the historical mining in the area. Company geologists see the potential for the development of more mineralization along these structures, both in the near surface and to greater depth. There is also a major north-northeast striking fault through New York Canyon that may be important in focusing mineralization. The Ordovician Pogonip group of rocks (shaded light blue on Figure 2) is dipping east beneath the area of anomalous rock samples. The Pogonip includes potentially important host rocks that may constitute strong silver-gold targets at depth.

Figure 1. Location of Lookout Mountain Gold Resource and CRD Exploration Target Areas.

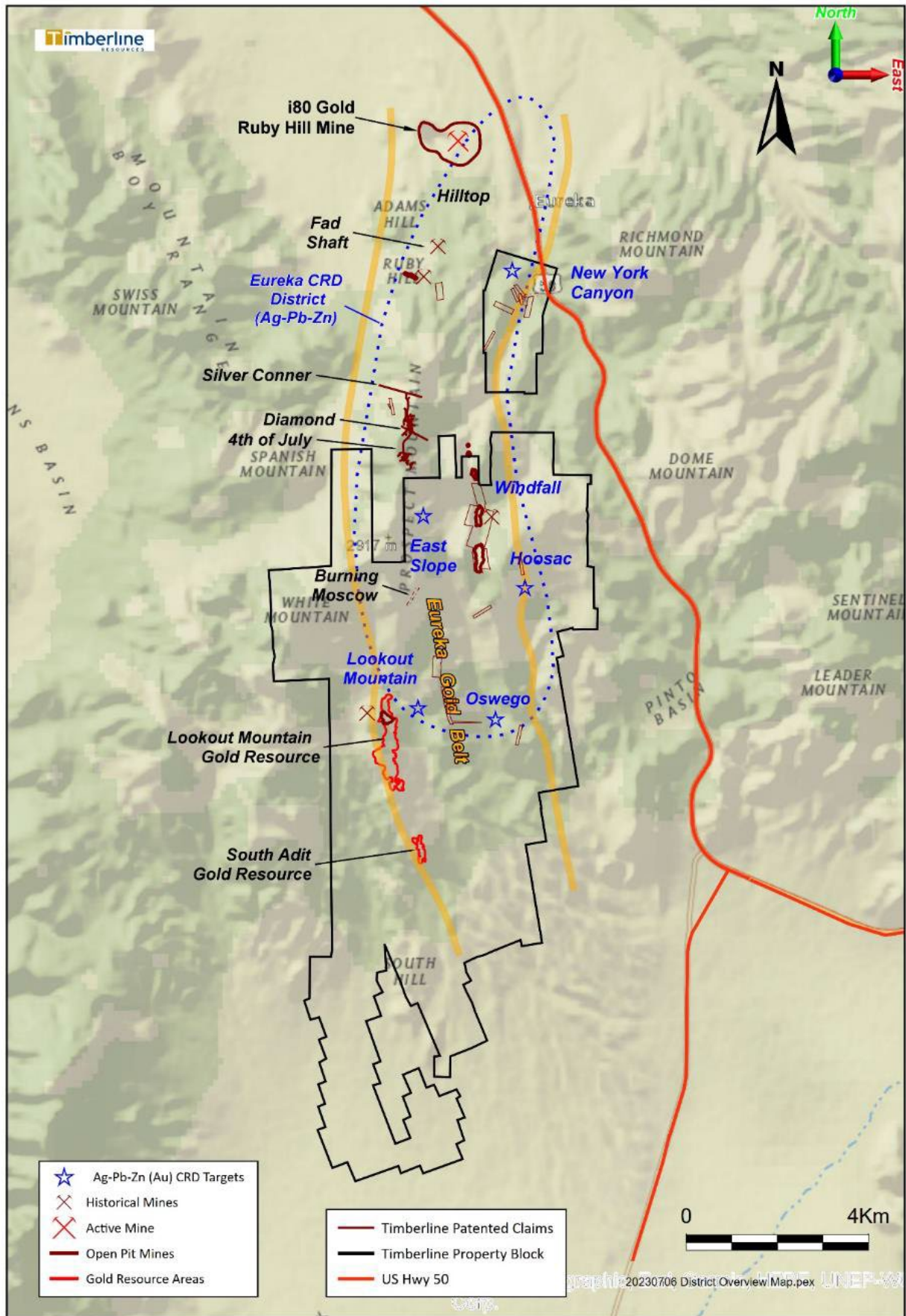




Figure 2. New York Canyon Geology and Ag-Au Rock Geochemistry.

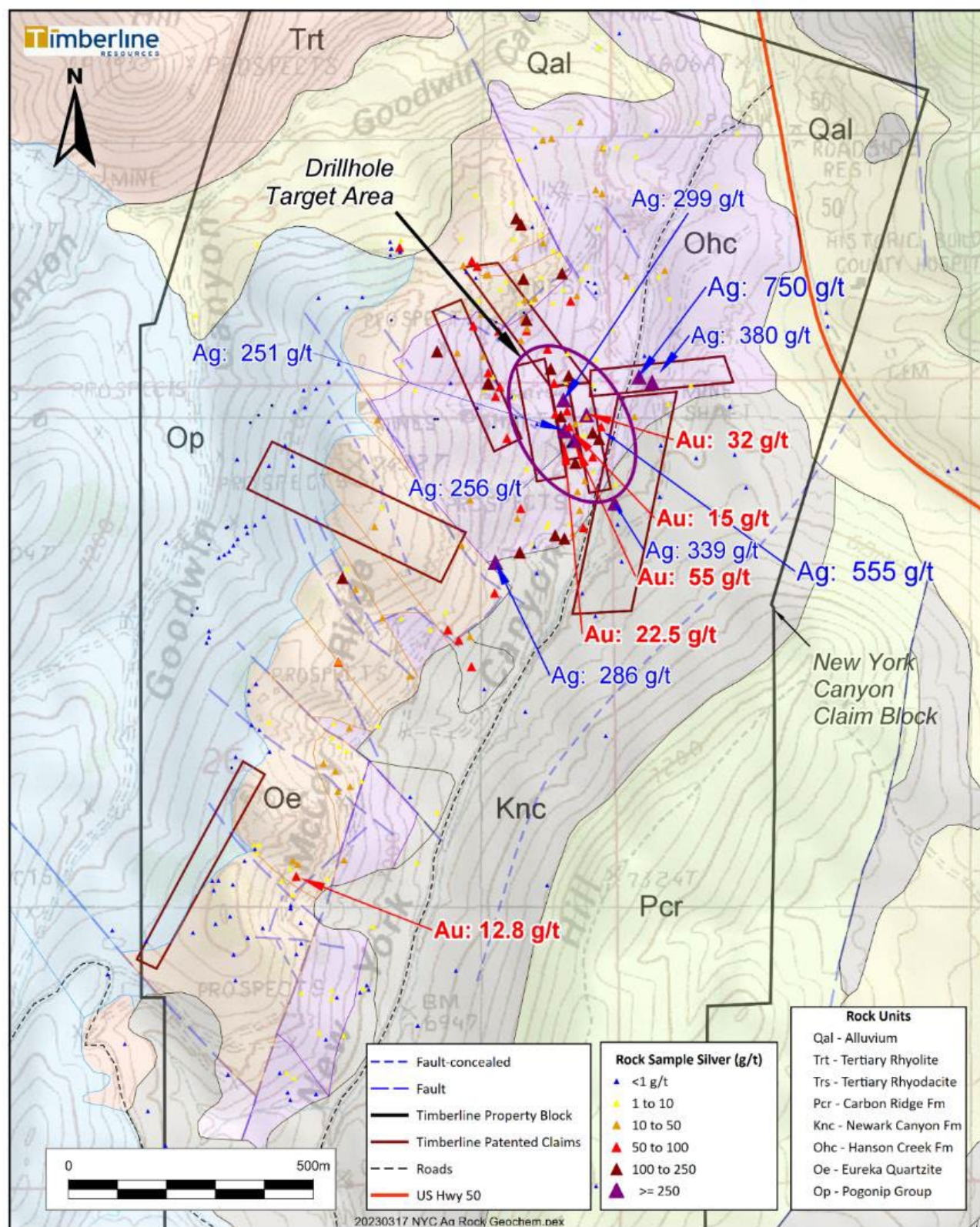
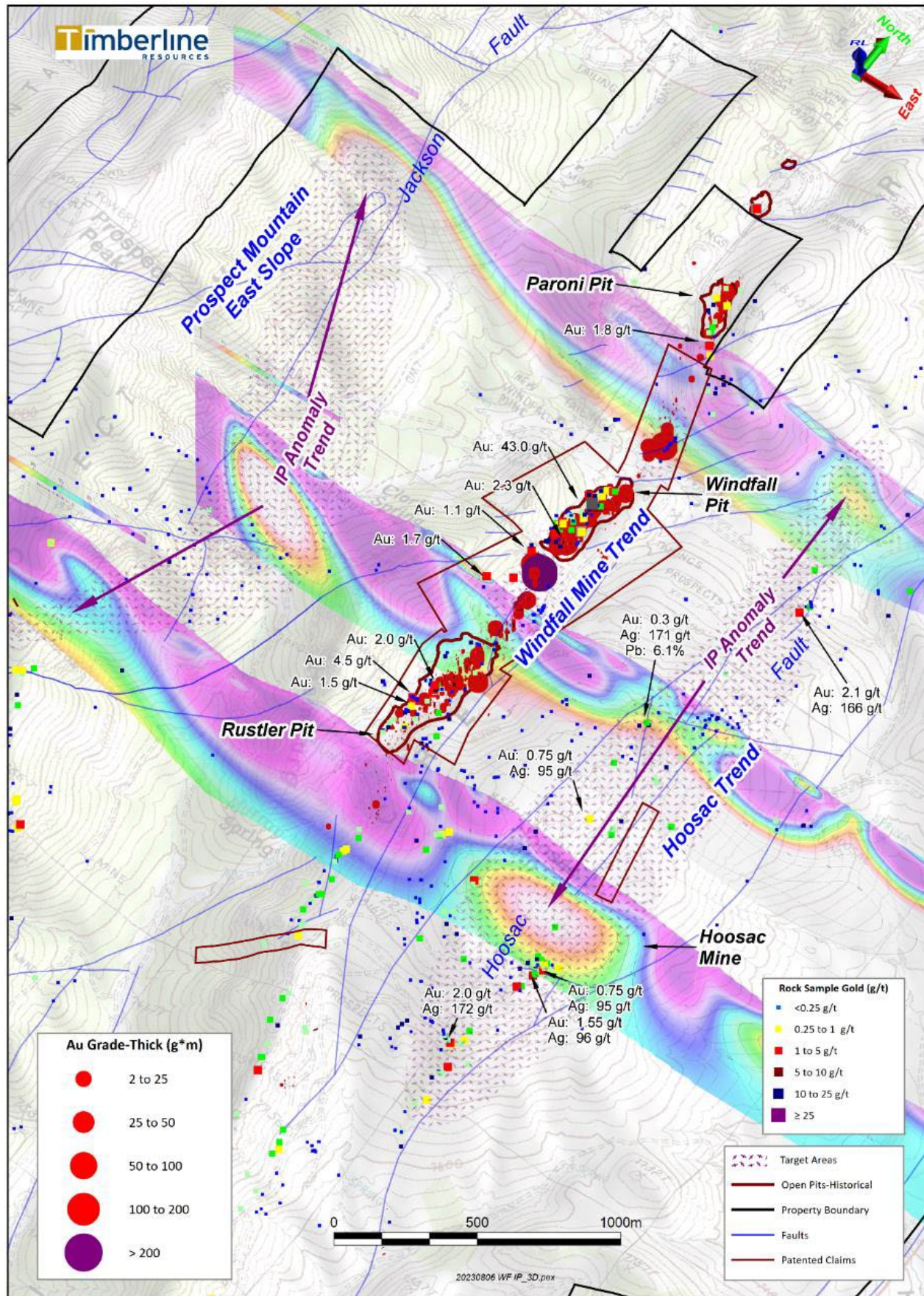




Figure 3. 3-D Perspective of the Windfall area Exploration Target Areas, Structures, and IP Anomaly Trends.



#### Windfall-area Targets: Hoosac, Windfall Mine trend, and Prospect Mountain

Rock sampling and historical drilling from the vicinity of the Rustler, Windfall, and Paroni pits clearly indicate remaining potential for Carlin-type gold along the Windfall trend. Figure 3 includes selected rock samples and drill intercepts from the Timberline database. Sampling from 2022 returned numerous samples with more than 1.0 g/t gold, including one sample that assayed 43g/t gold.

Anomalous CRD-type silver-gold occurs in the Windfall area east-southeast of the historical Rustler open pit gold mine (Figure 3). Silver and gold mineralization, including rock samples of 271 g/t Ag and 2.1 g/t Au, occurs along several hundred meters of strike of a structural corridor that parallels the Windfall trend. The Hoosac Trend exhibits intense alteration (silicification) and induced polarization (IP) chargeability anomalies, locally with elevated base metals (6.1% lead). The historical Old Hoosac Mine occurs in this area. Historical samples from mine waste dumps identified gold up to 1.6 g/t and silver up to 96 g/t. Drilling to-date has not significantly tested this structural corridor or the related geophysical anomalies, identified in Figure 3 as the Hosac Trend.

A second linear IP Anomaly occurs west of the Windfall Trend along the east slope of Prospect Mountain (Figure 3). The strong anomaly is hosted within the Cambrian-aged Eldorado Dolomite adjacent to the Jackson Fault. Little is known about this target yet, except that it occurs in a favorable geologic setting for CRD mineralization – analogous to historical mines such as the Diamond Mine and Fad Shaft to the north and the Burning Moscow to the south (Figure 1). There is considerable exploration work occurring along the apparent northern continuation of this feature (North Peak Resources at the historical Prospect Peak Mine Complex and i80 Gold Corp. at the Hilltop and Blackjack targets at the Ruby Hill Mine).

#### ***Oswego Area:***

Timberline has previously reported significant high-grade gold from the Oswego target, approximately 1.5 kilometers east of Lookout Mountain. A Company news release dated December 6, 2021 detailed the results of rock chip and channel sampling along a fault scarp of the Dugout Tunnel Fault at Oswego, which included 25.9m @ 14.4 g/t Au and 27.4m @ 12.0 g/t Au. The same channel samples included significant silver, 25.9m @ 24.2 g/t Ag and 27.4m @ 8.5 g/t Ag. While occurring in a fault zone, this gold and silver occurrence is hosted in the Eldorado Dolomite, one of the most important hosts of CRD mineralization in the district (Figure 4).

The multielement geochemistry on this target is complex, including typical Carlin-type gold indicators (gold, arsenic, and antimony) and elements usually associated with CRD deposits (silver, lead, zinc, antimony, and bismuth). As reported elsewhere in the Eureka District, this could be the result of overlapping CRD silver-gold and Carlin-type gold. The nearby historical Oswego and Geddes-Bertrand Mines demonstrate even higher silver values (as high as 2,000 g/t) with strong peak values in lead (7.5%) and zinc (23.3%), including associated arsenic and antimony. There is insufficient drilling in this area to assess the potential for either Carlin-type gold or CRD silver-gold, and historical drilling in the area was very shallow (typically less than 500 ft).

#### ***Lookout Mountain Area:***

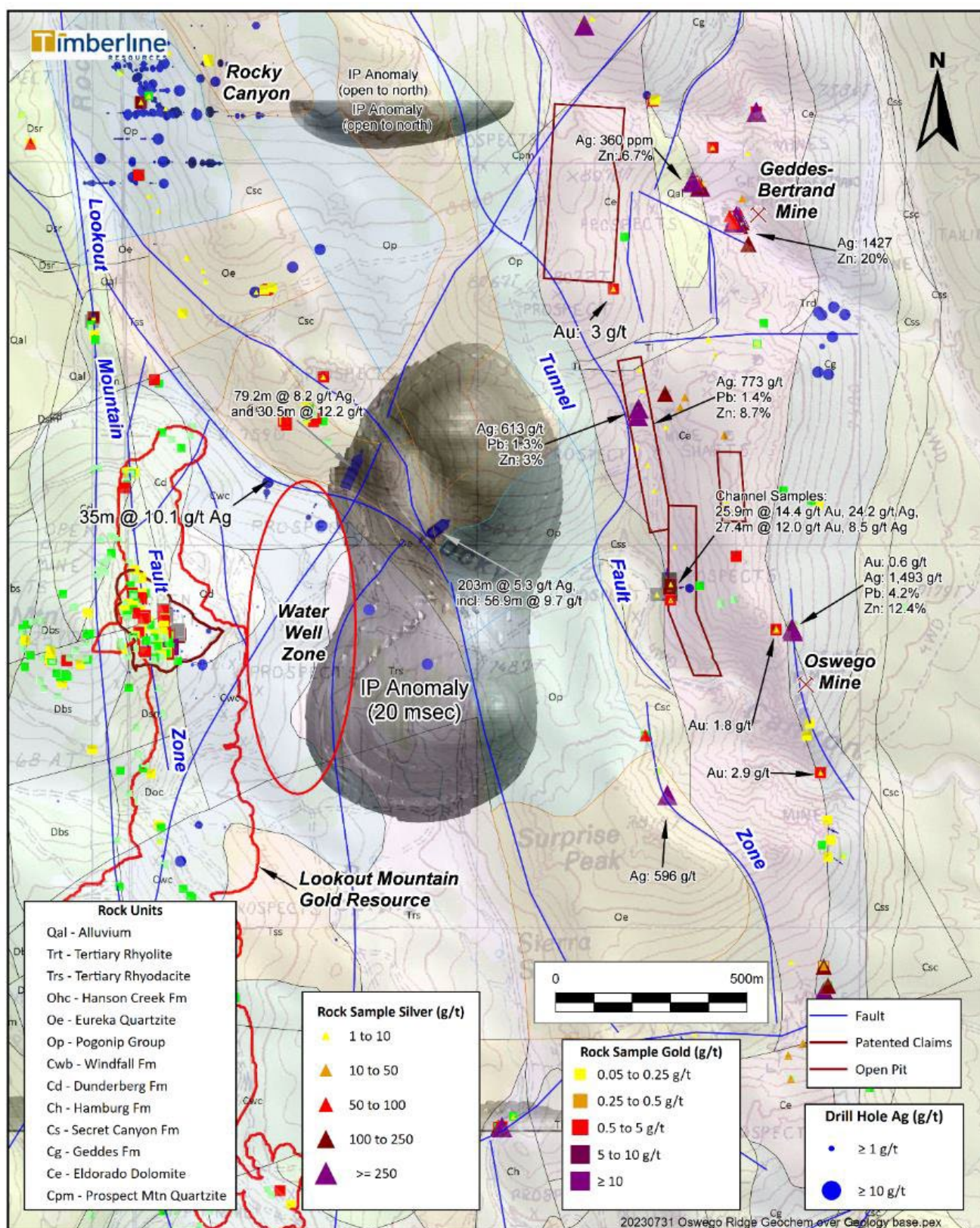
Timberline geologists continue their assessment of the Lookout Mountain part of the district in the context of the Water Well Zone gold results and deeper results from the Graben Zone reported in 2022 i80 Gold Corp also continues to release significant gold and silver results from their ongoing exploration at the Ruby Hill Mine and its numerous exploration targets. These results indicate the presence of multiple types of mineral deposits, including Carin-type gold, CRD-type silver-lead-zinc, and possibly skarn or epithermal gold-silver deposits. The various historical deposits, current resources, and exploration targets at Ruby Hill are hosted in sedimentary rocks of Cambrian and Ordovician age, as well as intrusive rocks of likely Cretaceous age. Lookout Mountain and Water Well Zone are host to significant gold mineralization a similar section of Cambrian rocks, but nearby silver mineralization drilled by Timberline may be hosted in younger Ordovician rocks, and potentially in intrusive rocks of unknown age (Company news release dated March 24, 2022).

Three Timberline drill holes in 2021 and 2022 drilled peripheral to the strong IP anomaly intersected likely CRD-related mineralization associated with granitic dikes and intensely altered contact-metamorphosed sedimentary rocks. The silver intercepts included:

- 203m @ 5.3 g/t Ag, including 56.9m @ 12.2 g/t;
- 35m @ 10.1 g/t Ag; and
- 79.2 m @ 8.2 g/t Ag and 30.5 m @ 12.2 g/t Ag.



Figure 4. Lookout Mountain and Oswego Surface Rock Au and Ag geochemistry, and Drillhole Silver.



A strong IP chargeability anomaly (Figure 4) extends 1.3 km north-south and on-trend with similar anomalies to both north and south. The geophysical anomalies seem to be aligned with deep throughgoing high-angle faults. While the geophysical target has only been peripherally tested, the occurrence of Carlin-type gold and CRD type silver intercepts in this area with granitic dikes and hornfelsed and altered carbonate rocks compares favorably with the more advanced polymetallic

discoveries being made at the Ruby Hill Mine in the northern part of the district.

A key ingredient in the large and growing metal endowment in the northern part of the district seems to be the large-scale igneous complex in the area (Graveyard Flats, Ruby Hill, and Mineral Point intrusives). Timberline geologists are working to assess the intrusive rocks already encountered in the Lookout Mountain area, including conducting age dating. A preliminary interpretation of historical magnetic data suggests that the Lookout Mountain area is underlain by a significant intrusive phase that may be similar to the Graveyard Flats intrusion at Ruby Hill. Much more work is needed to address this question, but early drill testing in the area has already encountered granitic dikes with associated silver at less than 1,000 feet depth. In addition to the various Carlin-type gold targets in the Lookout Mountain area, Timberline expects to develop CRD-type targets for drilling at the earliest opportunity.

### Non-Material Properties:

We also control multiple projects that are not material to the Company at this time, pending further exploration activities, including:

- The multiple targets of the Eureka Property apart from the Lookout Mountain project, such as the Windfall Trend, Water Well Zone, Rocky Canyon, Oswego New York Canyon, and others, are actively being explored but have not yet advanced to a point of materiality for the Company.
- The Paiute Project, held jointly with Nevada Gold Mines, is in the Battle Mountain District at the northern end of the Battle Mountain-Eureka Trend. There was no significant work conducted at Paiute during the quarter.
- The Seven Troughs Project in northwestern Nevada is a historical high-grade epithermal vein district. We conducted no significant work at Seven Troughs during the quarter.

### Results of Operations for the three and nine months ended June 30, 2023 and 2022

#### Consolidated Results

(US\$)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Exploration expenses:				
Eureka	\$ 46,478	\$ 808,519	\$ 533,449	\$ 2,462,543
Other exploration properties	62,283	87,946	194,378	234,254
Total exploration expenditures	108,761	896,465	727,827	2,696,797
Non-cash expenses:				
Stock option expenses	11,084	-	73,879	44,321
Depreciation, amortization and accretion	1,715	1,478	5,145	4,434
Total non-cash expenses	12,799	1,478	79,024	48,755
Professional fees expenses	58,393	61,234	171,904	155,938
Insurance expenses	40,821	43,204	125,739	116,651
Salaries and benefits expenses	77,279	71,819	204,961	219,750
Interest and other (income) expense	16,726	228,479	42,117	251,505
Other general and administrative expenses	78,762	148,270	308,011	283,499
<b>Net loss</b>	<b>\$ 393,541</b>	<b>\$ 1,450,949</b>	<b>\$ 1,659,583</b>	<b>\$ 3,772,895</b>

Our consolidated net loss for the three months ended June 30, 2022 was \$393,541, compared to a consolidated net loss of \$1,450,949 for the three months ended June 30, 2022. Total exploration expenses of \$108,761 were recorded on our statement of operations for the three months ended June 30, 2023, compared with \$896,465 for the three months ended June 30, 2022. The year-over-year decrease in net loss is mainly due to a decrease in exploration expense, combined with slight decreases in professional fees expense, insurance expense, interest and other (income) expense, and other general and administrative expense during the three months ended June 30, 2023.

Our consolidated net loss for the nine months ended June 30, 2023 was \$1,659,583, compared to a consolidated net loss of \$3,772,895 for the nine months ended June 30, 2022. Total exploration expenses of \$727,827 were recorded on our statement

of operations for the nine months ended June 30, 2023, compared with \$2,696,727 for the nine months ended June 30, 2022. The year-over-year decrease in net loss is due to the significant decrease in exploration expenses and other (income) expense.

Subject to adequate funding in 2023, we expect to continue to incur exploration expenses for the advancement of our Eureka Project.

### **Financial Condition and Liquidity**

At June 30, 2023, we had assets of \$14,866,883, consisting of cash of \$172,416, property, mineral rights and equipment of \$14,127,178, net of depreciation, reclamation bonds of \$528,643, and prepaid expenses, deposits and other assets in the amount of \$38,646.

On June 30, 2023, we had total liabilities of \$637,825 and total assets of \$14,866,883. This compares to total liabilities of \$1,157,467 and total assets of \$16,972,229 on September 30, 2022. As of June 30, 2023, our liabilities consist of \$142,325 for asset retirement obligations, \$270,991 of senior unsecured note payable – related party, and \$119,511 of trade payables and accrued liabilities and \$104,998 of interest and expenses payable to related parties. Of these liabilities, \$495,500 are due within twelve months. The liabilities compared to September 30, 2022 have changed as a result of a decrease in trade payables and accrued liabilities offset by increases in accrued interest - related party. The decrease in total assets was due to the usage of cash to reduce accounts payable and to pay Company operating expenses, offset by an increase in property, mineral rights, and equipment.

On June 30, 2023, we had negative working capital of \$290,138 and stockholders' equity of \$14,229,058 compared to working capital of \$1,423,723 and stockholders' equity of \$15,814,762 for the year ended September 30, 2022. Working capital experienced an unfavorable change because of the decrease in cash associated with payments of accounts payable and operating expenses, offset by increases in accrued interest - related party.

During the nine months ended June 30, 2023, we used cash from operating activities of \$2,132,869, compared to cash used of \$3,686,561 for the nine months ended June 30, 2022. The use of cash from operating activities results primarily from the net loss of \$1,659,583 for the nine-month period ended June 30, 2023 compared to net loss of \$3,772,895 for the nine months ended June 30, 2022. Changes to the net loss for the comparative periods are described above.

During the nine-month period ended June 30, 2023, cash of \$133,302 was used by investment activities, compared with cash of \$43,947 used by investment activities for the nine-month period ended June 30, 2022. During the nine months ended June 30, 2023, we used \$133,302 for mineral rights compared to \$54,000 paid for mineral rights and received a reclamation bond refund of \$10,053 for the nine months ended June 30, 2022.

During the nine-month period ended June 30, 2023, no financing activities occurred, compared to cash of \$4,586,086 provided during the nine-month period ended June 30, 2022.

### ***Going Concern:***

The audit opinion and notes that accompany our consolidated financial statements for the year ended September 30, 2022 disclose a 'going concern' qualification to our ability to continue in business. These consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of our assets and the settlement of our liabilities in the normal course of our operations. Disruptions in the credit and financial markets over the past several years have had a material adverse impact on a number of financial institutions and investors and have limited access to capital and credit for many companies. In addition, commodity prices and mining equities have seen significant volatility which increases the risk to precious metal investors. Market disruptions and alternative investment options, among other things, make it more difficult for us to obtain, or increase our cost of obtaining capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all. If we are unable to obtain financing through equity investments, we will seek multiple solutions including, but not limited to, asset sales, corporate transactions, credit facilities or debenture issuances in order to continue as a going concern.

At June 30, 2023, we had negative working capital of \$290,138. We had \$495,500 outstanding in current liabilities and a cash balance of \$172,416. As of the date of this report on Form 10-Q, we do not have sufficient cash to meet our normal operating commitments for the next 12 months, without raising additional funds. Such cash-raising efforts may include equity financings, corporate transactions, joint venture agreements, sales of assets, credit facilities or debenture issuances, or other strategic transactions.

The condensed consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern. We believe that the going concern condition cannot be removed with confidence

until the Company has entered into a business climate where funding of its activities is more assured. If the going concern basis were not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

We plan, as funding allows, to follow up on our positive drill results on our Eureka and Paiute Projects. Principally, we plan to execute drilling as part of the ongoing exploration program at Eureka. Also, subject to available capital, we may continue prudent exploration programs on our material exploration properties and/or fund some exploratory activities on early-stage properties.

We will require additional funding and/or reductions in exploration and administrative expenditures in future periods. Given current economic conditions, we cannot provide assurance that necessary financing transactions will be available on terms acceptable to us, or at all. Without additional financing, we would have to curtail our exploration and other expenditures while we seek alternative funding arrangements to provide sufficient capital to meet our ongoing, non-discretionary expenditures, and maintain our primary mineral properties. If we cannot obtain sufficient additional financing, we may be unable to make required property payments on a timely basis and be forced to return some or all of our leased or optioned properties to the underlying owners.

### **Financing Activities**

None

### **Subsequent Events**

None

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

### **Critical Accounting Policies and Estimates**

There have been no significant changes to the critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operation in our 2022 Form 10K/A.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Conclusions of Management Regarding Effectiveness of Disclosure Controls and Procedures**

On July 12, 2023, we filed Amendment No. 1 to Timberline Resources Corporation's Annual Report on Form 10-K for the fiscal year ended September 30, 2022, to incorporate additional information concerning Timberline's properties, including revisions made in the report entitled "*S-K 1300 Technical Report Summary: Lookout Mountain Project, Eureka Property, Eureka, Nevada*" which has a revised and amended date of June 21, 2023 and an effective date of December 31, 2022. The enhanced disclosures of this Form 10-K/A were made to comply with guidance provided by Regulation S-K Subpart 1300. The Form 10-K/A disclosed ineffective disclosure controls and procedures for the period ended September 30, 2022, due to amendments we made in that Form 10-K/A concerning disclosures of variables and computations of mineral resources, as required by Subpart 1300 of Regulation S-K, which had been amended in a prior year. During the quarter ended June 30, 2023, we engaged qualifying professionals to re-issue our technical report on the Lookout Mountain project and included the required information in the Form 10-K/A filed on July 12, 2023.

At the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of and with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, it was concluded that our disclosure controls were effective as of the end of the period covered by this report, to ensure that: (i) information required to be disclosed by the Company in the reports that it files under the Exchange Act is



recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms, and (ii) material information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Accounting Officer, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

### **Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system has been designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair statement of the Company's published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management has assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2023. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of June 30, 2023, the Company's internal controls over financial reporting are effective.

#### *Management's Remediation Initiatives*

Management's remediation initiatives included implementing additional segregation of duties over cash management, specifically in bank account reviews and reconciliations. An additional person, independent of the processing of processing of vendor invoices and payments has been engaged and assigned to perform the reviews and reconciliations of bank accounts on a monthly basis. Those responsibilities were initiated during the quarter ended March 31, 2023 and were fully in place and operation for the quarter ended June 30, 2023. The Company has three employees, and management has concluded that anticipated business growth and the accompanying expansion of staffing will improve effectiveness of the Company's internal controls over financial reporting.

### **Changes in Internal Control over Financial Reporting**

The Company made no changes in internal controls over financial reporting in the quarter ended June 30, 2023.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

We are not aware of any material pending litigation or of any proceedings known to be contemplated by governmental authorities which are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole. No director, officer or affiliate of Timberline and no owner of record or beneficial owner of more than 5% of our securities or any associate of any such director, officer or security holder is a party adverse to Timberline or has a material interest adverse to Timberline in reference to any currently pending litigation.

### **ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K/A for the year ended September 30, 2022, which was filed with the SEC on July 12, 2023.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

There were no sales of unregistered equity securities during the fiscal quarter covered by this Quarterly Report on Form 10-Q.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

We consider health, safety and environmental stewardship to be a core value for the Company.

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities with respect to mining operations and properties in the United States that are subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”). During the quarter ended June 30, 2023, our U.S. exploration properties were not subject to regulation by the MSHA under the Mine Act.

### **ITEM 5. OTHER INFORMATION**

None.



## ITEM 6. EXHIBITS.

- 3.1 [Certificate of Incorporation of the Registrant as amended through October 31, 2014, incorporated by reference to the Company's Form 10-K as filed with the Securities and Exchange Commission on December 23, 2014](#)
- 3.2 [Amended By-Laws of the Registrant, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 13, 2015.](#)
- 4.1 [Specimen of the Common Stock Certificate, incorporated by reference to the Company's Form 10SB as filed with the Securities Exchange Commission on September 29, 2005](#)
- 4.2 [Form of Warrant Agreement incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on August 11, 2016.](#)
- 4.3 [Form of Warrant Agreement for March and April 2017 Offering of Units, incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on May 15, 2017.](#)
- 4.4 [Form of the Series H Warrant, incorporated by reference to exhibit 99.1 to the Company's Form 8-K as filed with the Securities and Exchange Commission on April 1, 2019](#)
- 4.5 [Form of the Series G Warrant, incorporated by reference to exhibit 4.4 to the Company's Form 10-Q as filed with the Securities and Exchange Commission on August 14, 2019](#)
- 4.6 [Form of the Series I Warrant, incorporated by reference to exhibit 4.8 to the Company's Form 10-K as filed with the Securities and Exchange Commission on Jan 10, 2020](#)
- 4.7 [Form of the Series J Warrant, incorporated by reference to exhibit 4.5 to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 25, 2019](#)
- 4.8 [Form of the Series K Warrant, incorporated by reference to exhibit 4.8 to the Company's Form 10-K as filed with the Securities and Exchange Commission on January 13, 2021](#)
- 4.9 [Form of the Series L Warrant, incorporated by reference to exhibit 4.1 to the Company's Form 8-K as filed with the Securities and Exchange Commission on September 1, 2020](#)
- 10.1 Technical report entitled *S-K 1300 Technical Report Summary: Lookout Mountain Project, Eureka Property, Eureka, Nevada* dated June 21, 2023 with an effective date of December 31, 2022, incorporated by reference to exhibit 10.15 to the Company's Form 10-K/A as filed with the Securities and Exchange Commission on July 12, 2023.
- 10.2 Management Summary of SK 1300 Report, incorporated by reference to exhibit 10.16 to the Company's Form 10-K/A as filed with the Securities and Exchange Commission on July 12, 2023.
- 10.3 Consent of Qualified Person for RESPEC, incorporated by reference to exhibit 10.17 to the Company's Form 10-K/A as filed with the Securities and Exchange Commission on July 12, 2023.
- 10.4 Consent of Qualified Person for Steven A. Osterberg, incorporated by reference to exhibit 10.18 to the Company's Form 10-K/A as filed with the Securities and Exchange Commission on July 12, 2023.
- 31.1\* [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(Rules 13a-14 and 15d-14 of the Exchange Act\)](#)
- 31.2\* [Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(Rules 13a-14 and 15d-14 of the Exchange Act\)](#)
- 32.1\* [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. 1350\)](#)
- 32.2\* [Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. 1350\)](#)
- 101.INS\* XBRL Instance Document
- 101.SCH\* XBRL Taxonomy Extension Schema Document
- 101.CAL\* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF\* XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB\* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

\* - Filed herewith

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **TIMBERLINE RESOURCES CORPORATION**

By: /s/ Patrick Highsmith

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Patrick Highsmith  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: August 11, 2023

By: /s/ Ted R. Sharp

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Ted R. Sharp  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: August 11, 2023

## Exhibit 31.1

### CERTIFICATION

I, Patrick Highsmith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Timberline Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023

By: /s/ Patrick Highsmith

Patrick Highsmith, President, Chief Executive Officer and Principal Executive Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Ted R. Sharp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Timberline Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023

By: /s/ Ted R. Sharp  
Ted R. Sharp, Chief Financial Officer, Principal Financial Officer

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Timberline Resources Corporation, (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick Highsmith, Chief Executive Officer, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Timberline Resources Corporation.

/s/ Patrick Highsmith

Patrick Highsmith, Chief Executive Officer and President

DATE: August 11, 2023

A signed original of this written statement required by Section 906 has been provided to Timberline Resources Corporation and will be retained by Timberline Resources Corporation to be furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Timberline Resources Corporation, (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ted R. Sharp, Chief Financial Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Timberline Resources Corporation.

/s/ Ted R. Sharp

Ted R. Sharp, Chief Financial Officer

DATE: August 11, 2023

A signed original of this written statement required by Section 906 has been provided to Timberline Resources Corporation and will be retained by Timberline Resources Corporation to be furnished to the Securities and Exchange Commission or its staff upon request.