METALLIS RESOURCES INC.

Annual Financial Statements

December 31, 2023 and 2022

(Expressed in Canadian Dollars)

METALLIS RESOURCES INC.

Index to Annual Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Metallis Resources Inc.

Opinion

We have audited the accompanying financial statements of Metallis Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of $660,831 during the year ended December 31, 2023 and, as of that date, the Company's total deficit was $28,047,092. As stated in Note 1, 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no other key audit matters to be communicated in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2024

METALLIS RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2023	*December 31, 2022 (Restated- Note 3)*	*January 1, 2022 (Restated- Note 3)*
ASSETS			
Current assets			
Cash and cash equivalents	**$ 35,817**	$ 578,522	$ 800,793
Receivables *(Note 4)*	**5,840**	55,970	174,365
Deposits and prepaid expenses *(Note 5)*	**6,040**	44,898	21,206
Loans due from related parties	**-**	-	48,420
Due from related party *(Note 11)*	**3,928**	51,725	496
Total current assets	**51,625**	731,115	1,045,280
Equipment (*Note 6*)	**2,371**	3,979	3,591
Right-of-use assets *(Note 6)*	**26,628**	44,384	10,138
Net investment in sublease *(Note 8)*	**28,946**	45,556	9,958
Total assets	**$ 109,570**	$ 825,034	$ 1,068,967
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities *(Note 8)*	**$ 48,360**	$ 166,171	$ 48,314
Lease liability *(Note 8)*	**37,396**	33,222	19,918
Due to related party *(Note 11)*	**89,250**	1,540	-
Total current liabilities	**175,006**	200,933	68,232
Lease liability *(Note 8)*	**20,497**	57,892	-
Total liabilities	**195,503**	258,825	68,232
EQUITY(DEFICIENCY)			
Share capital *(Note 10)*	**23,533,854**	23,533,854	22,006,727
Equity reserves	**4,427,305**	4,418,616	4,159,187
Accumulated deficit	**(28,047,092)**	(27,386,261)	(25,165,179)
Total equity (deficiency)	**(85,933)**	566,209	1,000,735
Total liabilities and equity(deficiency)	**$ 109,570**	$ 825,034	$ 1,068,967

Nature and Continuance of Operations and Going Concern *(Note 1)*
Events after the reporting period *(Note 16)*

Approved and authorized on behalf of the Board on April 29, 2024

"Fiore Aliperti" Director "*Michael Sikich"* Director

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

METALLIS RESOURCES INC.

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022 (Revised- Note 3)
Operating Expenses:		
Communications	**$ 5,095**	$ 23,782
Consulting fees *(Note 11)*	**323,000**	377,800
Depreciation *(Note 6)*	**19,364**	21,036
Exploration and evaluation expenses *(Note 7)*	**123,118**	1,484,735
Investor relations	**15,000**	56,000
Office and general	**54,632**	64,500
Professional fees	**54,779**	61,981
Regulatory and transfer agent fees	**40,163**	39,059
Rent	**15,617**	16,378
Share-based compensation *(Notes 10,11)*	**8,689**	259,429
Travel	**4,298**	4,738
Total operating expenses	**(668,407)**	(2,409,438)
Interest income	**11,215**	27,384
Finance income on sublease *(Note 8)*	**3,640**	2,586
Amortization of discount *(Note 8)*	**(7,279)**	(5,172)
Other income on settlement of flow-through share premium liability	**-**	163,558
Loss and comprehensive loss for the year	**$ (660,831)**	$ (2,221,082)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.04)
Weighted average number of common shares outstanding- Basic and Diluted	**60,544,312**	57,106,903

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

METALLIS RESOURCES INC.

Statements of Changes in Equity(Deficiency)

For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves*	*Deficit*	*Total*
Balance at January 1, 2022 ***(Restated- Note 3)***	**52,839,878**	**$ 22,006,727**	**$ 4,159,187**	**$ (25,165,179)**	**$ 1,000,735**
Proceeds from private placement	7,704,434	1,704,445	-	-	1,704,445
Share issuance costs	-	(13,760)		-	(13,760)
Flow-through share premium liability	-	(163,558)	-	-	(163,558)
Share-based compensation	-	-	259,429	-	259,429
Loss for the year	-	-	-	(2,221,082)	(2,221,082)
Balance at December 31, 2022 ***(Revised- Note 3)***	**60,544,312**	**$ 23,533,854**	**$ 4,418,616**	**$ (27,386,261)**	**$ 566,209**
Share-based compensation	-	-	8,689	-	8,689
Loss for the year	-	-	-	(660,831)	(660,831)
Balance at December 31, 2023	**60,544,312**	**$ 23,533,854**	**$ 4,427,305**	**$ (28,047,092)**	**$ (85,933)**

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

METALLIS RESOURCES INC.

Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	*2022* *(Restated- Note 3)*
Cash flows provided by (used in) operating activities		
Loss for the year	**$ (660,831)**	$ (2,221,082)
Items not affecting operating cash:		
Amortization of discount	**7,279**	5,172
Depreciation	**19,364**	21,036
Interest income	**(11,215)**	(27,384)
Finance income	**(3,640)**	(2,586)
Other income on settlement of flow-through share premium liability	**-**	(163,558)
Share-based compensation	**8,689**	259,429
Changes in non-cash working capital items:		
Receivables	**50,130**	118,395
Deposits and prepaid expenses	**38,858**	(23,692)
Accounts payable and accrued liabilities	**(117,811)**	117,857
Due from (to) related parties (net)	**47,659**	(49,689)
Net cash used in operating activities	**(621,518)**	(1,966,102)
Cash flows provided by (used in) investing activities		
Amounts received from related parties	**87,848**	-
Interest received	**11,215**	27,232
Proceeds from investment in sublease	**20,250**	20,250
Purchase of equipment	**-**	(2,408)
Loans and interest received from related parties	**-**	48,572
Net cash provided by investing activities	**119,313**	93,646
Cash flows provided by (used in) financing activities		
Proceeds from shares issued	**-**	1,704,445
Share issuance costs	**-**	(13,760)
Lease payments	**(40,500)**	(40,500)
Net cash provided by (used in) financing activities	**(40,500)**	1,650,185
Decrease in cash and cash equivalents during the year	**(542,705)**	(222,271)
Cash and cash equivalents, beginning of year	**578,522**	800,793
Cash and cash equivalents, end of year	**$ 35,817**	$ 578,522

Supplemental Disclosure with Respect to Cash Flows *(Note 12)*

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Metallis Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 19, 2007. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "MTS" and on the OTCQB Venture Market under the symbol "MTLFF". The Company's registered and head office is located at Suite #604 - 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1, and its website is at www.metallisresources.com.

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

The Company operates in a single jurisdiction in the single business activity of exploration and evaluation of mineral properties.

These financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Going Concern of Operations

These financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company incurred a loss of $660,831 during the year ended December 31, 2023 and as of that date the Company's total deficit is $28,047,092. The ability of the Company to continue as a going concern depends upon i) its ability to raise adequate financing on reasonable terms from lenders, shareholders and other investors and ii) its ability to develop a mine and/or commence commercially profitable operations. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Fundraising may be undertaken from time to time, and may include private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures. In recent years, the Company has successfully raised funds from equity investors to provide for its exploration and working capital needs. The most recent private placement was completed subsequent to December 31, 2023, raising $514,195 through a common share issuance at $0.065 per share. To the extent future financing is not available, future working capital commitments beyond 2023 may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company. In addition, should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position.

2. MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies have been applied consistently to all periods presented in these financial statements.

Basis of presentation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are initially recorded in the Company's functional currency using the exchange rate at the time of the transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated using the exchange rate at the end of each reporting period. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in profit or loss.

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents consists of short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at December 31, 2023, the Company's cash equivalents includes money market investments of $Nil (2022 - $411,685), primarily in the form of Canadian tier-one bank interest bearing money market funds that are fully redeemable.

Receivables

Receivables are recorded at face value less any provisions for uncollectible accounts. For the years ended December 31, 2023 and 2022, the Company did not record any provisions for uncollectable accounts.

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments:

IFRS 9, Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The Company classifies its financial assets and financial liabilities as those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes attributable to changes in credit risk for liabilities designated at fair value through profit or loss are recorded in other comprehensive income and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit or loss.

The Company’s financial instruments consist of cash and cash equivalents, receivables, deposits, net investment in sublease, accounts payable, lease liability and due to or due from related parties. All financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of financial assets

The Company uses a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are recognized at inception and updated for the amount of expected credit closes recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

2. MATERIAL ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment charges. Equipment is depreciated on a declining balance basis over the estimated useful lives of the individual assets. The Company provides for depreciation computed under the declining balance method for computers and software at 55% per annum, and furniture and fixtures at 20% per annum. Depreciation for right-of-use ("ROU") assets is computed on a straight-line basis over the terms of the underlying leases.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The cost of replacing part of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is evaluated at the cash generating unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of the CGU is the greater of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures

All costs related to the acquisition, exploration and evaluation of mineral properties are charged to profit or loss as incurred. This includes staged option payments, made pursuant to an agreement to acquire an interest in a property. Any warrants issued as compensation for acquiring exploration and evaluation assets are valued following the Black Scholes pricing model, and with the amount recognized in exploration and evaluation expenditures.

The Company may, but to date has not, occasionally enter into arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is recorded as recoveries at the time of receipt and credited against expenditures incurred.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, and the Company has decided to proceed with development, all subsequent payments are capitalized as Mines under Development, whether the cost is an acquisition related option payment, an exploration cost or a development charge. Each period end thereafter, the Company will assess these assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. If a project is deemed to no longer have commercially viable prospects to the Company, the capitalized costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of estimated recoveries, are written off to profit or loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as equity reserves.

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the tax deductibility of qualifying resource expenditures is transferred to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income on settlement of flow-through share premium liability and the related deferred tax is recognized as a tax provision.

2. MATERIAL ACCOUNTING POLICIES (continued)

Flow-through shares (continued)

Proceeds received from the issuance of flow-through shares or units are to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. The Company reclaims all disturbed areas in the field as drill holes are completed.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. As at December 31, 2023 and 2022, the Company had no material rehabilitation obligations.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The fair value of the options is recognized as an operating expense with a corresponding increase in equity (deficiency) over the vesting period on a graded basis. The fair value of stock options is measured on the date of grant using the Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted. Consideration paid for the shares on the exercise of stock options is credited to share capital and the related share-based payments originally recorded as equity reserves are also transferred to share capital at the time of exercise.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants issued for compensation of services are valued using the Black-Scholes option pricing model.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

Leases

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about what constitutes a lease, whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, whether the Company has the right to direct the use of the asset, and the likelihood of exercising a lease extension option, if applicable. Lease payments may include fixed and variable components, but variable payments are generally excluded.

The Company recognized a right-of-use ("ROU") asset and a lease liability at the commencement of the lease. The lease liability recognized upon lease inception represents the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment.

When a company subleases a ROU asset, it classifies the sublease as an operating lease if the head lease is a short-term lease; otherwise, the sublease is classified as a finance lease. The lessor derecognizes the ROU asset pertaining to the head lease that it transfers to the sublessee at the sublease commencement date but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in the lease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

2. MATERIAL ACCOUNTING POLICIES (continued)

Use of significant judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The Company may hold direct or indirect interests in exploration and evaluation assets. The Company takes steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;

b) The Company uses the Black-Scholes valuation model to determine the fair value of stock option grants and certain warrants issued under private placements or as a component of compensation related to the acquisition of mineral property interests. The inputs used in the model require estimates of the fair value of the options or warrants, their expected life, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. These estimates impact share-based compensation expense and/or exploration and evaluation expenditures in the profit or loss and share capital and shareholder's equity on statements of financial position;

c) The values of right-of-use assets and lease liabilities require judgements to determine the lease term, the likelihood of an extension option being exercised and the incremental borrowing rate. Such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets, the value of the net investment in sublease and the amounts recognized in profit or loss, including depreciation, rent expense, finance expense and finance income;

d) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;

2. MATERIAL ACCOUNTING POLICIES (continued)

Use of significant judgements and estimates (continued)

e) The Company raises financing by issuing equity comprised of flow-through shares and/or non-flow-through shares. When flow-through shares are issued, a flow-through premium liability is recognized and that recognition requires estimations of the fair value of the non-flow-though and flow-through shares; and

f) The assumption that the Company is a going concern and will continue operating for the foreseeable future, being one year, is a judgment.

New accounting standards

New policies that were adopted on January 1, 2023 or thereafter are as follows:

IAS 1 includes amendments requiring companies to disclose their material accounting policies instead of their significant accounting policies and clarifies the disclosure of material and immaterial transactions.

IAS 8 clarifies changes in accounting policies (which are applied retrospectively) from changes in accounting estimates (which are applied prospectively).

IAS 12 Income taxes clarify the treatment of deferred income taxes on leases and decommissioning obligations.

There were no material impacts to the Company from the adoption on January 1, 2023 of the above noted accounting standards.

The following amendments will be in effect for annual reporting periods beginning on or after January 1, 2024:

Presentation of financial statements:

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2024. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least twelve months after the reporting period.

The Company anticipates that this amendment will not have a material impact on the results of operations and financial position of the Company.

3. CHANGE IN ACCOUNTING POLICY

During the year ended December 31, 2023, the Company changed its accounting policy from capitalizing exploration and evaluation costs to expensing these costs in the period incurred. The cost of acquiring interests in mineral properties is expensed as incurred, until such time as commercial feasibility has been established and the Company has decided to proceed with development. After that time, all subsequent development expenses and remaining acquisition payments are capitalized as Mines under development.

The Company believes this policy change will provide more relevant information to the users of the financial statements, particularly as such exploration expenses are now considered operating expenses, offering the reader a profit and loss statement that encompasses all of the Company’s operations. Estimating the fair value of previously capitalized mineral property interests in the absence of a ready market requires judgements and estimates that themselves have error bias.

(Expressed in Canadian Dollars)

3. CHANGE IN ACCOUNTING POLICY (continued)

The policy change has been applied on a retrospective basis with the comparative figures adjusted as follows:

As at and for the year ended December 31, 2022:	Previously Reported	Adjustment	Revised Balance
Non-current assets			
Exploration and evaluation assets	$ 14,180,927	$ (14,180,927)	$ -
Total non-current assets	14,274,846	(14,180,927)	93,919
Equity(Deficiency)			
Deficit	(13,205,334)	(14,180,927)	(27,386,261)
Total equity	14,747,136	(14,180,927)	566,209
Net loss			
Exploration and evaluation expenditures	-	1,484,735	1,484,735
Net loss for the year	736,347	1,484,735	2,221,082
Statements of cash flows			
Cash used in operating activities	(708,852)	(1,257,250)	(1,966,102)
Cash provided by (used in) investing activities	(1,163,604)	1,257,250	93,646

As at January 1, 2022:	Previously Reported	Adjustment	Revised Balance
Non-current assets			
Exploration and evaluation assets	$ 12,696,192	$ (12,696,192)	$ -
Total non-current assets	12,719,879	(12,696,192)	23,687
Equity(Deficiency)			
Deficit	(12,468,987)	(12,696,192)	(25,165,179)
Total equity	13,696,927	(12,696,192)	1,000,735

4. RECEIVABLES

	December 31, 2023	December 31, 2022
GST/ HST recoverable taxes	**$ 5,840**	$ 22,333
CRA Payroll credit	**-**	26,549
Other receivables	**-**	7,088
Total receivables	**$ 5,840**	$ 55,970

(Expressed in Canadian Dollars)

5. DEPOSITS AND PREPAID EXPENSES

The deposits and prepaid expenses of the Company consist of the following:

	December 31, 2023	December 31, 2022
Rental deposit	**$ 6,040**	$ 6,040
Prepaid insurance	**-**	7,333
Prepaid storage	**-**	6,525
Helicopter deposit	**-**	25,000
	$ **6,040**	$ 44,898

(Expressed in Canadian Dollars)

6. EQUIPMENT AND RIGHT-OF-USE ASSETS

Equipment:

	Furniture & fixtures	*Computers and software*	*Total*
Cost:			
Balance, December 31, 2021	$ 3,692	$ 21,461	$ 25,153
Additions	-	2,408	2,408
Balance, December 31, 2022	3,692	23,869	27,561
Additions	-	-	-
Balance, December 31, 2023	**$ 3,692**	**$ 23,869**	**$ 27,561**
Accumulated depreciation:			
Balance, December 31, 2021	$ 1,624	$ 19,938	$ 21,562
Additions	412	1,608	2,020
Balance, December 31, 2022	2,036	21,546	23,582
Additions	332	1,276	1,608
Balance, December 31, 2023	**$ 2,368**	**$ 22,822**	**$ 25,190**
Net Book Value:			
December 31, 2023	**$ 1,324**	**$ 1,047**	**$ 2,371**
December 31, 2022	$ 1,656	$ 2,323	$ 3,979

(Expressed in Canadian Dollars)

6. EQUIPMENT AND RIGHT-OF-USE ASSETS

Right-of-Use assets:

Cost:	
Balance, December 31, 2021	$ 60,828
Additions- lease commenced July 1, 2022	106,524
Derecognize- sublease July 1, 2022	(53,262)
Disposal- lease maturity June 30, 2022	(60,828)
Balance, December 31, 2022 and 2023	**$ 53,262**
Accumulated depreciation:	
Balance, December 31, 2021	$ 50,690
Additions	19,016
Disposal- lease maturity June 30, 2022	(60,828)
Balance, December 31, 2022	8,878
Additions	17,756
Balance, December 31, 2023	**$ 26,634**
Net Book Value:	
December 31, 2023	**$ 26,628**
December 31, 2022	$ 44,384

7. EXPLORATION AND EVALUATION EXPENSES

Kirkham Property – Golden Triangle, Skeena Mining Division, British Columbia, Canada

The Kirkham Property (the "Property") is comprised of certain mineral claims situated in the "Golden Triangle" region of north-western British Columbia, Canada. The Property was assembled by the Company through a series of transactions between 2013 and 2015 including staking, re-staking and acquisitions from third parties. A portion of the mineral claims are subject to third-party Net Smelter Return ("NSR") royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for $500,000.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. To the best of its knowledge, the Company's title to all of its mineral claims and properties are in good standing.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION EXPENSES (continued)

The following table provides the annual exploration and evaluation expenditures incurred:

Exploration and evaluation expenses:	Years ended December 31, 2023	2022
Accommodations and camp	$ -	$ 180,481
Assays and lab analysis	2,275	82,065
Community relations	-	40,500
Drilling	-	450,962
Field expenses and core shack	-	11,136
Geological and geophysical	105,854	261,910
Helicopters and aircraft support	-	437,973
Licenses, claim fees and permits	44,041	31,211
Recovery of expenses*	(29,052)	(11,503)
	$ 123,118	$ 1,484,735

*Recovery of expenses is primarily composed of BC Mineral Exploration tax credits receivable and may also include provincial tax recoveries or vendor credits.

The following table provides the cumulative exploration and evaluation expenditures incurred:

	Balance, December 31, 2021	Additions	Balance, December 31, 2022	Additions	Balance, December 31, 2023
Accommodations and camp	$ 1,982,708	$ 180,481	$ 2,163,189	$ -	$ 2,163,189
Acquisition costs	495,801	-	495,801	-	495,801
Assays and lab analysis	458,639	82,065	540,704	2,275	542,979
Community relations	161,872	40,500	202,372	-	202,372
Drilling	4,487,554	450,962	4,938,516	-	4,938,516
Field expenses and core shack	99,261	11,136	110,397	-	110,397
Geological and geophysical	2,524,801	261,910	2,786,711	105,854	2,892,565
Helicopters and aircraft support	3,706,698	437,973	4,144,671	-	4,144,671
Licenses, claim fees and permits	185,876	31,211	217,087	44,041	261,128
Recovery of expenses	(1,323,151)	(11,503)	(1,334,654)	(29,052)	(1,363,706)
Write-downs	(83,867)	-	(83,867)	-	(83,867)
	$ 12,696,192	$ 1,484,735	$ 14,180,927	$ 123,118	$14,304,045

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

Accounts payable and accrued liabilities for the Company are comprised as follows:

	December 31, 2023	December 31, 2022
Accounts payable	**$ 18,360**	$ 136,171
Accrued liabilities	**30,000**	30,000
	$ 48,360	$ 166,171

Lease liability:

The Company entered into a three-year premises lease on July 1, 2022 following the maturity on June 30, 2022 of its prior 3-year lease agreement. The office location did not change. The monthly fixed lease costs remain the same as the prior lease for the first two years at $3,375 per month, rising to $3,488 per month for the third year. The fair value estimate of the new lease and initial lease liability was $106,524 using an incremental borrowing rate of 10%. The following schedule shows recent changes in lease liabilities:

Lease liability:	**Lease: 7/1/19 – 6/30/22**	**Lease: 7/1/22 – 6/30/25**	**Total**
Balance, December 31, 2021	19,918	-	19,918
Additions	-	106,524	106,524
Lease payments	(20,250)	(20,250)	(40,500)
Accretion of lease liability discount	332	4,840	5,172
Balance, December 31, 2022	-	91,114	91,114
Lease payments	-	(40,500)	(40,500)
Accretion of lease liability discount	-	7,279	7,279
Balance, December 31, 2023	**$ -**	**$ 57,893**	**$ 57,893**

Lease liability allocation:	
Short-term portion of lease liability	**$ 37,396**
Long-term portion of lease liability	**20,497**
Balance, December 31, 2023	**$ 57,893**

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY (continued)

Lease payments for next five years:
(including variable lease costs estimated by landlord)

Year ended December 31, 2024	$ 76,164
Year ended December 31, 2025	38,418
Year ended December 31, 2026	-
Year ended December 31, 2027	-
Year ended December 31, 2028	-
Total	$ 114,582

Net investment in sublease:

On July 1, 2022 the Company entered into a 3-year sublease agreement with related party Etruscus Resources Corp. ("ETR") for ½ of its premises at a per square foot cost equal to the head lease. ETR pays fixed lease costs of $1,688 per month for the first two years and $1,744 per month for the third year. At commencement of the sublease, the Company recognized a net investment in sublease of $53,262, and derecognized ROU assets by the same amount. The reconciliation of the Company's net investment in sublease is as follows *(Refer to Note 11)*:

	Year ended December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	**$ 45,556**	$ 9,958
Additions- sublease July 1, 2022	**-**	53,262
Finance income	**3,640**	2,586
Lease payments received	**(20,250)**	(20,250)
Balance, end of year	**$ 28,946**	$ 45,556

Maturity analysis of lease payments receivable and reconciliation to net investment in sublease:

	2024	*2025*	*Total*
Undiscounted lease payments receivable	$ 37,672	$ 19,005	$ 56,677
Variable cost portion	(17,084)	(8,543)	(25,627)
Undiscounted finance lease payments	20,588	10,462	31,050
Finance income	(1,890)	(214)	(2,104)
Net investment in sublease	$ 18,698	$ 10,248	$ 28,946

(Expressed in Canadian Dollars)

9. FLOW-THROUGH PREMIUM LIABILITY

Changes in Flow-through premium liability:	Year ended December 31, 2023	Year ended December 31, 2022
Balance, beginning of year	$ -	$ -
Liability incurred on flow-through shares issued	-	163,558
Settlement of flow-through share premium liability upon incurring eligible expenditures	-	(163,558)
Balance, end of year	$ -	$ -

During the year ended December 31, 2022, the Company issued 5,451,934 flow-through shares at a price of $0.23 per share for gross proceeds of $1,253,945 (the "Financing") and recognized a flow-through share premium liability of $163,558 as the difference between the flow-through share price and the non-flow-through share price in the concurrent offering of flow-through and non-flow-through units. The incurrence of qualifying exploration expenses reduces the flow-through share premium liability, which the Company recognizes as other income on settlement of flow-through share premium liability on a pro-rated basis. The Company incurred sufficient qualifying exploration expenses in 2022, subsequent to the Financing, to fully meet its obligations and consequently, no flow-through premium liability existed during the year ended December 31, 2023.

10. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

Issued: 60,544,312 common shares (December 31, 2022 - 60,544,312 common shares)

The Company had no share capital transactions during the year ended December 31, 2023.

Transactions in 2022:

On June 23, 2022, the Company closed a two-tranche private placement for total proceeds of $1,704,445, consisting of 2,252,500 non-flow-through units at a price of $0.20 per unit for proceeds of $450,500 and 5,451,934 flow-through units at a price of $0.23 per flow-through unit for proceeds of $1,253,945. The Company paid filing fees and transfer agent fees totalling $13,760 in connection with the financing. No finders' fees were paid nor were any finder's warrants issued.

Each non-flow-through unit consisted of one common share and one-half of a non-flow-through, non-transferable share purchase warrant. Each whole warrant allows the holder to purchase one additional common share at a price of $0.30 per share for a 3-year period. Each flow-through unit consisted of one flow-through common share and one-half of a non-flow-through, non-transferable share purchase warrant. Each whole warrant allows the holder to purchase one additional common share at a price of $0.33 per share for a 3-year period.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

Stock options:

At the Company's Annual and Special Meeting ("ASM") on November 7, 2023, the shareholders approved the Company's Amended and Restated 2023 Stock Option Plan ("SOP") under which the Board of Directors is authorized to grant stock options to executive officers and directors, employees and consultants. The exercise price of each stock option shall not be less than the discounted market price as calculated and defined in the policies of the TSXV. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors at the time of grant. However, stock options granted to employees or consultants in respect of investor relations activities follow the vesting provisions of the TSX-V, which allow for vesting of options as to no more than 25% of the grant vesting each three months, measured from the date of grant.

No stock options were granted during the year ended December 31, 2023, and no outstanding stock options were exercised during 2023. Share-based compensation of $8,689 (2022 - $259,429) was recognized during 2023 due to investor relations stock options originally granted in 2022 which completed their vesting in 2023. During the year ended December 31, 2022, the Company recorded share-based compensation of $259,429 from the grant and vesting of 1,800,000 stock options to its directors, officers and consultants, exercisable at $0.20 per share for a five-year period. The Company's investor relations consultant received 150,000 of the stock options which vested over a one-year period. All remaining stock option grants vested upon grant.

The following weighted average parameters were used in the Black-Scholes option model to determine the fair value of the option grants described above:

	2023	2022
Risk-free interest rate	-	3.29%
Expected life	-	5 years
Annualized volatility	-	97.1%
Forfeiture rate	-	0%
Dividends	-	0%
Weighted average fair value of options	-	$0.15

As at December 31, 2023, the following incentive stock options are outstanding and exercisable:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price	Weighted remaining contractual life (years)
October 6, 2025	350,000	350,000	0.40	1.77
April 12, 2026	450,000	450,000	0.50	2.28
September 27, 2026	1,800,000	1,800,000	0.39	2.74
August 31, 2027	1,650,000	1,650,000	0.20	3.67
Total outstanding options	4,250,000	4,250,000		2.97

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

Stock options: (continued)

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	4,880,000	$ 0.62
Options granted	1,800,000	0.20
Options expired	(760,000)	0.39
Options terminated	(375,000)	0.81
Balance, December 31, 2022	5,545,000	$ 0.50
Options expired	(1,045,000)	1.24
Options terminated	(250,000)	0.28
Balance, December 31, 2023	4,250,000	$ 0.33

Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2021	11,788,154	$ 0.65
Warrants issued	3,852,217	0.32
Balance at December 31, 2022	15,640,371	$ 0.57
Warrants expired	(11,788,154)	0.65
Balance at December 31, 2023	3,852,217	$ 0.32

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

Warrants: (continued)

As at December 31, 2023, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price ($)	Weighted average remaining contractual life (years)
June 10, 2025	663,750	0.30	1.44
June 10, 2025	2,640,750	0.33	1.44
June 23, 2025	462,500	0.30	1.48
June 23, 2025	85,217	0.33	1.48
Total	3,852,217		1.45

11. RELATED PARTY TRANSACTIONS

The following related parties, for the years presented, include directors and key management personnel, being officers and directors of the Company, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer of the Company, provides consulting services to the Company;
b) Lever Capital Corp., a company owned by the Company's Chief Financial Officer, provides consulting services to the Company;
c) D. G. Dupre and Associates Inc., is a company that is controlled by the Vice-President of Exploration of the Company which provides the Company with geological consulting services, the amounts of which are expensed under exploration and evaluation costs;
d) DRW Geological Consultants Ltd. is a company controlled by a director of the Company and which provides occasional geological consulting services to the Company, the amounts of which are expensed under exploration and evaluation costs;
e) Magma Geosciences Inc. is a company controlled by the former Vice-President of Geoscience Services, and which provided geological consulting services to the Company up to his date resignation on March 1, 2022, the amounts of which were expensed as geological costs under exploration and evaluation costs; and
f) Etruscus Resources Corp. ("ETR"), a public company related through two common directors and a common officer, subleases office space from the Company, shares certain administrative expenses and also shares an exploration camp with the Company, resulting in occasional related party receivables or payables at the end of each period.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (continued)

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the year ended December 31, 2023	Transactions for the year ended December 31, 2022	**Balance payable as at December 31, 2023**	Balance payable as at December 31, 2022
Avanti Consulting Inc.	**(a)**	**$ 144,000**	$ 144,000	**$ 40,950**	**$ -**
Lever Capital Corp.	**(b)**	**84,000**	84,000	**22,050**	**-**
D.G. Dupre and Associates Inc.	**(c)**	**53,750**	60,000	**26,250**	**-**
DRW Geological Consultants Ltd.	**(d)**	**-**	-	**-**	**1,540**
Magma Geosciences Inc.	**(e)**	**-**	22,000	**-**	**-**
Total		**$ 281,750**	$ 310,000	**$ 89,250**	**$ 1,540**

During the year ended December 31, 2023, the Company entered into transactions with ETR as follows:

	Due from ETR, December 31, 2022	Additions	Amounts received	**Due from ETR, December 31, 2023**
Rent	$ 113	$ 38,196	$ 35,127	**$ 3,182**
Office expenses, net	2,937	1,855	4,046	**746**
Exploration costs	48,675	-	48,675	**-**
Total	$ 51,725	$ 40,051	$ 87,848	**$ 3,928**

The aggregate value of share-based compensation during the year for directors and officers is as follows:

	2023	2022
Share-based compensation to directors and officers	**$ -**	$ 148,399

Loans to related parties:

On May 15, 2022, related party loans of $48,119 and interest of $453 were repaid to the Company. During the year ended December 31, 2021, directors and officers exercised 850,000 stock options for cash proceeds of $85,000. The Company made a payroll remittance to the Canada Revenue Agency ("CRA"), and recorded the amounts as loans receivable, totalling $48,119. The loans were payable on demand and had a one-year term at CRA prescribed interest rates, and were repaid in May 2022.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had no significant non-cash investing and financing transactions during the year ended December 31, 2023.

The significant non-cash investing and financing transactions during the year ended December 31, 2022 were as follows:

a) A total flow-through share premium liability of $163,558 was recorded as a deduction from share capital, in respect of flow-through shares issued by the Company; and

b) Qualifying exploration expenditures incurred during the period resulted in a $163,558 reduction of the flow-through share premium liability, recorded as other income on settlement of flow through premium liability.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, net investment in sublease, accounts payable, lease liability and due from/to related parties. All financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents, receivables and net investment in sublease. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables primarily consist of recoverable Canadian sales and payroll taxes, Canadian mineral exploration tax credits and accrued interest, for which management assesses the collectability of these amounts to be assured.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's operations do not currently generate positive cash flows, and historically the Company has relied on equity financings, and to a lesser extent non-core asset sales, for its capital requirements. As at December 31, 2023, the Company has a working capital deficiency of $123,381. However, subsequent to December 31, 2023, the Company completed a private placement financing of $514,195 by the issuance of 7,910,691 common shares at $0.065 per share. This financing provides immediate liquidity but additional financing will be required for working capital needs through 2024 and to execute additional exploration programs.

The Company will continue to depend upon equity capital as required and may also enter into convertible debentures, earn-in arrangements, joint ventures or the sale of certain property interests. However, there can be no assurance the Company will be able to complete future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

The following are the contractual maturities of financial liabilities as at December 31, 2023:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
Accounts payable and accrued liabilities	$ 48,360	$ 48,360	$ 48,360	$ -	$ -
Lease liabilities	57,893	62,100	41,175	20,925	-
Due to related parties	89,250	89,250	89,250	-	-
Total	$ 195,503	$ 199,710	$ 178,785	$ 20,925	$ -

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability and accordingly has not needed to enter into any interest rate swaps or other financial arrangements to mitigate exposure to interest rate fluctuations. The Company considers it is not subject to material risks should interest rates rise further.

Foreign currency risk

The Company's functional currency is the Canadian dollar and nominal amounts are in other currencies. To date, the Company has had no exposure to any foreign currency through its cash and cash equivalents, receivables, payables, or equity transactions. Management therefore considers the foreign exchange risk derived from currency conversions to be immaterial.

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT

The Company endeavors to maintain appropriate levels of capital and liquidity. Sufficient liquidity is required to meet liabilities and financial obligations as they become due. The Company has no commercial operations or source of revenue, no long-term debt other than a lease liability, and no externally imposed capital requirements. The Company's capital is its issued share capital. The capital required for operations and property exploration is expected to continue to come from the issuance of common shares or units, for the foreseeable future. The Company's objectives of capital and liquidity management are to fund critical exploration work, meet on-going liabilities, maintain creditworthiness, minimize shareholder dilution and to ultimately maximize returns for shareholders over the long term.

There were no changes in the Company's capital management objectives during the year ended December 31, 2023.

The Company is not subject to externally imposed capital requirements.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended December 31,	
	2023	2022
Loss for the year	$(660,831)	$(2,221,082)
Expected income tax (recovery)	$ (178,000)	$ (600,000)
Change in statutory, foreign tax, foreign exchange rates and other	(9,000	25,000
Permanent difference	3,000	26,000
Impact of flow-through shares	-	339,000
Share issuance costs	-	(4,000)
Impact of change on accounting policy for exploration and evaluation assets	(3,461,000)	-
Adjustment to prior year provision verses statutory tax returns	(2,000)	(39,000)
Change in unrecognized deductible temporary differences	3,647,000	253,000
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
Deferred Tax Assets (Liabilities):		
Exploration and evaluation expenses	$ 1,711,000	$ (2,212,000)
Non-capital losses	(1,711,000)	2,212,000
Net deferred tax liability	$ -	$ -

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets and liabilities that have not been included on the statements of financial position are as follows:

	2023	2022
Deferred Tax Assets (Liabilities):		
Exploration and evaluation assets	$ 1,656,000	$ ($1,811,000)
Property and equipment	3,000	(2,000)
Share issue costs	8,000	14,000
Allowable capital losses	28,000	28,000
Sublease and lease liability	2,000	(3,000)
Non-capital losses available for future periods	2,803,000	2,627,000
	4,500,000	853,000
Unrecognized deferred tax assets	(4,500,000)	(853,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2023	Expiry dates	2022	Expiry dates
Temporary Differences:	$		$	
Exploration and evaluation assets	6,131,000	No expiry date	(6,710,000)	No expiry date
Property and equipment	13,000	No expiry date	(9,000)	No expiry date
Share issuance costs	31,000	2044 to 2046	53,000	2043 to 2046
Allowable capital losses	102,000	No expiry date	102,000	No expiry date
Sublease and lease liability	8,000	No expiry date	(13,000)	No expiry date
Non-capital losses available for future periods	10,380,000	2029 to 2043	9,731,000	2029 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. EVENTS AFTER THE REPORTING PERIOD

On February 27, 2023, the Company entered into an agreement to acquire a 100% interest in the Greyhound Mine property based in Idaho USA, for staged option payments totalling US$670,000 and exploration costs of US$10 million, both over a ten-year period. The vendor received a share purchase warrant for up to 1,000,000 common shares of the Company at a price of $0.34 per share, for a three-year period. To exercise the property option, a further payment of US$7.5 million must be paid to the vendor. If the option is exercised, there is no further requirement to incur exploration in the event that less than US$10 million has been incurred at the time of exercise. The property is subject to a 2% NSR royalty of which ½ (or 1%) of the NSR may be purchased for US$5 million. Regulatory approval for the acquisition was received on March 19, 2024.

On April 17, 2024, the Company completed a non-brokered private placement financing of $514,195 consisting of 7,910,691 common shares at a price of $0.065 per share. Insiders subscribed for a total of $56,550, for 870,000 common shares. Proceeds are to be used for initial exploration at Greyhound and for working capital purposes.

16. EVENTS AFTER THE REPORTING PERIOD (continued)

During February 2024, the Company borrowed $100,000 from a third party under a one-year loan, payable on demand with interest at 12% per annum.