



(A Development Stage Enterprise)

**Financial Statements**

**For the years ended December 31, 2023 and 2022**

(Stated in Canadian Dollars)

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**METALS CREEK RESOURCES CORP.**  
(A Development Stage Enterprise)

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December 31, 2023 and 2022

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Chartered Professional Accountants

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Metals Creek Resources Corp.:

#### Opinion

We have audited the financial statements of Metals Creek Resources Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audits 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 is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of December 31, 2023 the Company had incurred losses since inception resulting in an accumulated deficit of \$20,581,539 and has not earned any significant ongoing revenues to date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

#### Other information

Management is responsible for the other information. The other information comprises:

- 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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRSs, 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.

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

*Wasserman Ramsay*

Markham, Ontario  
March 21, 2024

Chartered Professional Accountants  
Licensed Public Accountants

**METALS CREEK RESOURCES CORP.**

(A Development Stage Enterprise)

**STATEMENTS OF FINANCIAL POSITION****For the years ended December 31,**

	2023	2022
	\$	\$
<b>ASSETS</b>		
Current		
Cash	144,056	489,132
Cash – restricted (note 5)	165,038	-
Short term investments (notes 3 and 5)	-	289,269
Short term investments – restricted (notes 3 and 5)	223,256	-
H.S.T. and other receivables	4,570	6,625
Prepaid expenses	17,526	15,120
	<b>554,446</b>	<b>800,146</b>
Property and equipment (note 4)	42,440	69,145
Long term investments (note 6)	255,200	757,139
Exploration and evaluation assets (note 7)	8,169,330	7,841,923
	<b>9,021,416</b>	<b>9,468,353</b>
<b>LIABILITIES AND EQUITY</b>		
Current		
Accounts payable and accrued liabilities (note 10)	133,158	181,661
Current portion of lease liability (note 9)	10,218	13,335
	<b>143,376</b>	<b>194,996</b>
Lease liability (note 9)	-	9,065
	<b>143,376</b>	<b>204,061</b>
Equity		
Share Capital (note 8)	18,577,334	18,280,720
Reserves (note 8)	10,882,245	10,643,444
Deficit	(20,581,539)	(19,659,872)
	<b>8,878,040</b>	<b>9,264,292</b>
	<b>9,021,416</b>	<b>9,468,353</b>

*Nature and Continuance of Operations – Note 1*  
*Commitments – Notes 7 and 16*  
*Subsequent Events – Note 17*

*These financial statements are authorized for issue by the Board of Directors on March 21, 2024. They are signed on the Corporation's behalf by:*

“Alexander Stares” \_\_\_\_\_ Director  
“Nick Tsimidis” \_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements

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**METALS CREEK RESOURCES CORP.**

(A Development Stage Enterprise)

**STATEMENTS OF COMPREHENSIVE LOSS**
**For the years ended December 31,**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>		
Business development	25,897	140,297
Depreciation	27,815	33,314
Office and general	106,119	130,625
Professional fees	43,898	41,203
Consultants (note 10)	-	76,758
Salaries and benefits	317,463	325,327
Share-based payments (note 8(iii))	-	128,573
Part XII.6 tax	-	355
Write-down of exploration and evaluation assets	13,803	4,731,339
Pre-acquisition exploration and evaluation expenses	56,916	115,100
	<b>(591,911)</b>	<b>(5,722,891)</b>
Loss before the following:	(591,911)	(5,722,891)
Gain/(loss) on sale of investments (note 6)	(7,955)	11,005
Gain on sale or option of exploration and evaluation assets, net	1	115,750
Gain on sale of property and equipment	437	-
Interest and investment income	12,876	6,390
Adjustment to fair value for fair value through profit and loss investments	(335,115)	(664,963)
Loss before deferred tax recovery	(921,667)	(6,254,709)
<b>Deferred tax recovery – flow-through</b>	<b>-</b>	<b>324,404</b>
<b>Loss and comprehensive loss for the year</b>	<b>(921,667)</b>	<b>(5,930,305)</b>
<b>Loss per share – basic and diluted (note 15)</b>	<b>(0.01)</b>	<b>(0.04)</b>
<b>Weighted Average Shares Outstanding – basic and diluted</b>	<b>153,357,730</b>	<b>147,515,414</b>

The accompanying notes form an integral part of these financial statements

**METALS CREEK RESOURCES CORP.**

(A Development Stage Enterprise)

**STATEMENTS OF CHANGES IN EQUITY****For the years months ended December 31, 2023 and 2022**

	<u>Share Capital</u>		<u>Reserves</u>		<u>Deficit</u>	<u>Total</u>
	<u>Number of Shares</u> #	<u>Share Capital</u> \$	<u>Warrants</u> \$	<u>Equity Settled Benefits</u> \$		
<b>Balance, December 31, 2021</b>	<b>142,535,137</b>	<b>17,418,193</b>	<b>2,482,200</b>	<b>8,182,678</b>	<b>(13,729,567)</b>	<b>14,353,504</b>
Share-based payments	-	-	-	128,573	-	128,573
Issued for cash:						
Issued upon exercise of warrants	7,077,129	862,527	(150,007)	-	-	712,520
Expiration of warrants during the year	-	-	(172,047)	172,047	-	-
Loss and comprehensive loss for the year	-	-	-	-	(5,930,305)	(5,930,305)
<b>Balance, December 31, 2022</b>	<b>149,612,266</b>	<b>18,280,720</b>	<b>2,160,146</b>	<b>8,483,298</b>	<b>(19,659,872)</b>	<b>9,264,292</b>
<b>Balance, December 31, 2022</b>	<b>149,612,266</b>	<b>18,280,720</b>	<b>2,160,146</b>	<b>8,483,298</b>	<b>(19,659,872)</b>	<b>9,264,292</b>
Issued for cash:						
Private placement (note 8(vi))	18,554,600	317,837	238,801	-	-	556,638
Share issue costs	-	(51,473)	-	-	-	(51,473)
Issued in connection with property option and purchase agreements	850,000	30,250	-	-	-	30,250
Expiration of warrants during the year	-	-	(1,742,344)	1,742,344	-	-
Loss and comprehensive loss for the year	-	-	-	-	(921,667)	(921,667)
<b>Balance, December 31, 2023</b>	<b>169,016,866</b>	<b>18,577,334</b>	<b>656,603</b>	<b>10,225,642</b>	<b>(20,581,539)</b>	<b>8,878,040</b>

The accompanying notes form an integral part of these financial statements

**METALS CREEK RESOURCES CORP.**

(A Development Stage Enterprise)

**STATEMENTS CASH FLOWS**  
**For the years ended December 31,**

	2023	2022
	\$	\$
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Loss and comprehensive loss for the year	(921,667)	(5,930,305)
Items not requiring an outlay of cash:		
Deferred tax recovery – flow-through	-	(324,404)
Depreciation	27,815	33,314
Share-based payments	-	128,573
Adjustment to fair value for fair value through profit and loss investments	335,115	664,963
Write-down of exploration and evaluation assets	13,803	4,731,339
Imputed interest on lease liability	1,772	3,154
(Gain)/loss on sale of long-term investments	7,955	(11,005)
Gain on sale of exploration and evaluation assets	(1)	(115,750)
Gain on sale of property and equipment	(437)	-
Change in non-cash working capital items:		
Increase in H.S.T. and other receivables	2,055	196,467
Decrease/(increase) in prepaid expenses	(2,406)	80,856
Decrease accounts payable and accrued liabilities	(48,503)	(288,797)
Cash flows used in operating activities	(584,499)	(831,595)
<b>FINANCING ACTIVITIES</b>		
Payments on lease liability	(15,320)	(15,060)
Redemption of short-term investments	66,013	1,663,576
Issuance of capital stock for cash in private placements	556,638	-
Proceeds from exercise of warrants	-	712,520
Share issue costs – cash commission and expenses	(51,473)	-
Cash flows from financing activities	555,858	2,361,036
<b>INVESTING ACTIVITIES</b>		
Decrease staking security deposits	-	23,900
Expenditures on exploration and evaluation assets	(310,961)	(2,304,214)
Proceeds on sale of exploration and evaluation assets	-	25,000
Net proceeds on sale of long-term investments	158,870	133,925
Purchase of property and equipment	-	(4,050)
Proceeds on disposal property and equipment	694	-
Cash flows used in investing activities	(151,397)	(2,125,439)
Decrease in cash	(180,038)	(595,998)
Cash – beginning of year	489,132	1,085,130
Cash – end of year	309,094	489,132
Cash consists of the following:		
Cash	144,056	489,132
Cash – restricted	165,038	-
	309,094	489,132

Supplemental cash flow information (note 14)



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**METALS CREEK RESOURCES CORP.**

(A Development Stage Enterprise)

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2023

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Metals Creek Resources Corp. (the “Company”) was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). The Company’s head office is located at 945 Cobalt Crescent, Thunder Bay, Ontario, Canada, P7B 5Z4.

The Company is an exploration stage company and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company’s investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of \$411,070 (December 31, 2022- \$605,150) and has a deficit in the amount of \$20,581,539 (December 31, 2022 - \$19,659,872). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation and statement of compliance with IFRS**

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the IASB (“International Accounting Standards Board”). These financial statements were authorized for issue by the Board of Directors on March 21, 2024.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements including comparatives have been prepared on the basis of IFRS standards that were in effect on December 31, 2023.

The standards that are effective in the annual financial statements for the year ending December 31, 2023 are subject to change and may be affected by additional interpretation(s).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

## **Investments in Joint Ventures**

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

## **Income Taxes**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

## **Flow-Through Financing**

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

## **Property and Equipment**

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Automobile	30%
Leasehold improvements	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

## **Right of use (“ROU”) assets**

ROU assets are initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial recognition date. ROU assets are depreciated on a straight-line basis over the estimated useful life of the asset if the Corporation expects to take ownership of the asset at the end of the lease term, or over the lease term if the Corporation does not expect to take ownership of the asset at the end of the lease term. The lease term includes periods covered by an option to extend if the Corporation’s intention is to exercise that option. ROU assets are periodically reduced by impairment losses, if any, and adjusted for re-measurements of the lease obligation

## **Environmental Rehabilitation**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest and can be the result of a legal or constructive obligation. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

## **Impairment**

At each financial position reporting date the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs to sell and value in use. Fair value 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 current market assessments of the time value to their present 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 the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

### **Revenue recognition**

Interest income from financial instruments (mainly cash and equivalents), is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

The Company has no ongoing revenue other than nominal interest and dividend income on cash balances, however, from time to time the Company sells or options Exploration and Evaluation assets (E&E assets) for cash and or shares of other exploration companies (or a combination of both). Any shares received are valued when received at fair market value. The cash and or shares received are offset against the carrying value of the E&E asset being sold to the extent that there is any carrying value. Should the amount received be in excess of the carrying value of the E&E assets the amount is recognized in the income statement as Gain on sale or option of exploration and evaluation assets. Similarly, should the proceeds be less than the carrying value of the E&E asset being sold or optioned the balance is recognized in the income statement as Loss on sale or option of exploration and evaluation assets.

### **Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

### **Segment reporting**

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

### **Share capital**

Share capital represents the fair value of consideration received.

### **Operating Expenses**

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

### **Share-based payment transactions**

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

### **Interest**

Interest income and expenses are reported on an accrual basis using the effective interest method.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

### **Exploration and Evaluation Assets**

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral claims are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### **Lease liabilities**

The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the implicit rate in the lease; if the rate cannot be determined, the incremental borrowing rate of the asset or asset

grouping is used. The lease liability is increased for the passage of time and payments on the lease are offset against the lease liability. The liability is subsequently re-measured when there is a change in the lease agreement, such as a change in future lease payments or if the Corporation decides to purchase, extend or terminate the lease option. When the lease liability is re-measured, an adjustment is applied to the carrying value of the ROU asset.

## **Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

### **Financial assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- fair value through other comprehensive income (“FVTOCI”) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within ‘office and general’, or ‘finance income’, except for impairment of trade receivables which is presented within ‘other expenses’.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, short-term investments, deposits, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values

of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

#### **Financial assets at fair value through other comprehensive income (“FVTOCI”)**

FVTOCI financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation does not hold any FVTOCI financial assets.

All other FVTOIC financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the FVTOCI reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within ‘finance income’.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

#### **Financial liabilities**

The Company’s financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within ‘office and general expenses’ or ‘finance income’.

### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as FVTOCI, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, deposits and prepayments, assets that are

assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of FVTOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of FVTOCI equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative instruments.

### **Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet 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:

- i. the recoverability of amounts receivable and prepayments which are included in the statements of financial position;
- ii. the estimated useful lives of property and equipment which are included in the statements of financial position and the related depreciation included in the statement of comprehensive loss for the year ended December 31, 2023;
- iii. the inputs used in accounting for share purchase option expense in the statement of comprehensive loss; and
- iv. the provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position at December 31, 2023.

### **3. SHORT TERM INVESTMENTS:**

	December 31, 2023 \$	December 31, 2022 \$
	<hr/>	<hr/>
Money Market Mutual Funds	223,256	289,269
Less: Restricted for flow-through purposes	(223,256)	-
	<hr/>	<hr/>
	-	288,269

These funds are available for exploration and evaluation expenditures and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

### **4. PROPERTY AND EQUIPMENT**



<b>Cost</b>	Balance, Dec. 31, 2021	Additions	Disposals	Balance, Dec. 31, 2022	Additions	Disposals	Balance, Dec. 31, 2023
Computer equipment	\$ 35,449	4,050	-	39,499	-	-	39,499
Furniture and fixtures	13,467	-	-	13,467	-	-	13,467
Computer software	63,020	-	-	63,020	-	-	63,020
General equipment	40,665	-	-	40,665	-	-	40,665
Automobile	121,968	-	-	121,968	-	(21,801)	100,167
Leasehold improvements	4,812	-	-	4,812	-	-	4,812
Right-of-use assets – office (i)	48,634	-	-	48,634	1,367	-	50,001
<b>Total</b>	<b>\$ 328,015</b>	<b>4,050</b>	<b>-</b>	<b>332,065</b>	<b>1,367</b>	<b>(21,801)</b>	<b>311,631</b>

<b>Accumulated Amortization</b>	Balance, Dec. 31, 2021	Disposals	Depreciation	Balance, Dec. 31, 2022	Disposals	Depreciation	Balance, Dec. 31, 2023
Computer equipment	\$ 30,944	-	3,591	34,535	-	2,730	37,265
Furniture and fixtures	12,801	-	133	12,934	-	107	13,041
Computer software	63,020	-	-	63,020	-	-	63,020
General equipment	32,525	-	1,628	34,153	-	1,302	35,455
Automobile	69,294	-	15,802	85,096	(21,544)	11,062	74,614
Leasehold improvements	4,812	-	-	4,812	-	-	4,812
Right-of-use assets – office (i)	16,211	-	12,159	28,370	-	12,614	40,984
<b>Total</b>	<b>\$ 229,607</b>	<b>-</b>	<b>33,313</b>	<b>262,920</b>	<b>(21,544)</b>	<b>27,815</b>	<b>269,191</b>

<b>Carrying Value</b>	Balance, December 31, 2022	Balance, December 31, 2023
Computer equipment	\$ 4,964	2,234
Furniture and fixtures	533	426
Computer software	-	-
General equipment	6,512	5,210
Automobile	36,872	25,553
Leasehold improvements	-	-
Right-of-use assets – office (i)	20,264	9,017
<b>Total</b>	<b>\$ 69,145</b>	<b>42,440</b>

- (i) The Company's leased assets include its office premises. Amounts related to leased assets included in profit in loss include:

	December 31, 2023	December 31, 2022
	\$	\$
Interest on lease liabilities	1,772	3,154
Depreciation charge – right-of-use assets	12,614	12,159

## 5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the year ended December 31, 2023, the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration expenditures associated with its exploration and evaluation assets.

	December 31, 2023	December 31, 2022
	\$	\$
Restriction on use of cash and cash equivalents, beginning of year	-	1,451,600
Gross proceeds received upon issuance of flow-through shares	520,448	-

Qualified exploration expenditures paid from these funds during year	(132,154)	(1,451,600)-
Restriction on use of cash and cash equivalents, end of year	\$ 388,294	\$ -
Restriction on cash and cash equivalents consists of:		
Cash	165,038	-
Short term investments	223,256	-
	<u>388,294</u>	<u>-</u>

## 6. LONG TERM INVESTMENTS

	December 31, 2023			December 31, 2022		
	Number of Shares #	Market \$	Cost \$	Number of Shares #	Market \$	Cost \$
<b>Canadian Equities</b>						
Americas Silver Corporation (i)	-	-	-	953	734	21,249
Sokoman Minerals Corp. (ii)	398,000	29,850	89,316	900,000	261,000	204,133
Xmet Inc. (iii)	2,300,000	-	83,500	2,300,000	-	83,500
Thunder Gold Corp. (iv)	350,000	12,250	13,800	500,000	20,000	19,750
Benton Resources Inc. (v)	213,000	43,665	11,107	213,000	26,625	11,107
Signal Gold Inc. (vi)	-	-	-	20,000	6,500	5,133
Trifecta Gold Ltd. (vii)	772,000	30,880	200,720	1,000,000	50,000	260,000
Quadro Resources Ltd. (viii)	1,575,000	47,250	435,500	1,575,000	70,875	435,500
Manning Ventures Inc. (ix)	150,000	9,000	66,000	1,150,000	57,500	126,500
Magna Terra Minerals Inc. (vi)	350,000	10,500	115,500	350,000	14,000	115,500
General Copper Gold Corp. (x)	-	-	-	200,000	20,000	32,000
Class 1 Nickel and Tech. Ltd (xi)	762,000	45,720	365,760	1,089,000	157,905	522,720
Golden Sky Minerals Corp. (xii)	129,000	14,835	28,920	300,000	72,000	68,250
Thunderbird Minerals Corp (xii)	150,000	11,250	1	-	-	-
		<u>255,200</u>	<u>1,410,124</u>		<u>757,139</u>	<u>1,905,342</u>

- (i) The shares of Americas Silver Corporation (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and were disposed of during the year ended December 31, 2023 for gross proceeds of \$715 resulting in a \$105 gain recorded in the current year.
- (ii) The shares of Sokoman Minerals Corp. (TSX-V: SIC) are valued at the December 31, 2023 closing price of \$0.075 (December 31, 2022 - \$0.29). During the year ended December 31, 2023 the Company disposed of 502,000 shares of Sokoman for gross proceeds of \$58,595 and recorded a loss on disposition of \$13,825. During the year ended December 31, 2022, the Company disposed of 100,000 shares of Sokoman for gross proceeds of \$37,750 and recorded a loss of \$250.
- (iii) The shares of Xmet Inc. ("Xmet") held by the Company are valued at nil at December 31, 2023 (December 31, 2022 - nil) as the shares were downgraded to the NEX Exchange. The common shares of Xmet formerly traded on the TSX Venture Exchange under the symbol "XME".
- (iv) The shares of Thunder Gold Corp. (formerly White Metal Resources Corp. (TSX-V: TGOL) are valued at the December 31, 2023 closing price of \$0.035 per share (December 31, 2022- \$0.04). During the year ended December 31, 2023, the Company disposed of 150,000 shares of Thunder Gold for gross proceeds of \$4,750 and recorded a loss on disposition of \$2,250.
- (v) The shares of Benton Resources Inc. (TSX-V: BEX) currently held by the Company are valued at the December 31, 2023 closing price of \$0.205 per share (December 31, 2022 - \$0.125). During the year ended December 31, 2022 the Company disposed of 37,000 shares of Benton for gross proceeds of \$8,015 and recorded a gain on disposition of \$245.
- (vi) The remaining 20,000 shares of Signal Gold Inc. ("Signal") (TSX: SGNL) (formerly Anaconda Mining Inc.) were disposed of during the year ended December 31, 2023 for gross proceeds of \$6,800 and recorded a loss on disposition of \$100. During the year ended December 31, 2022, the Company disposed

of 20,000 shares of Signal for gross proceeds of \$14,200 and recorded a gain of \$400. In addition, the Company received 350,000 shares of Magna Terra Minerals Inc. (TSX-V: MTT) pursuant to the Jackson's Arm option. These shares were valued at the December 31, 2023 closing price of \$0.0255 per share (December 31, 2022 - \$0.04).

- (vii) The shares of Trifecta Gold Ltd. ("Trifecta") (TSX-V: TG) are valued at the December 31, 2023 closing price of \$0.04 per share (December 31, 2022- \$0.05). During the year ended December 31, 2023, the Company disposed of 228,000 shares of Trifecta for gross proceeds of \$10,370 and recorded a loss on disposition of \$170.
- (viii) The 1,575,000 shares (post 1 for 3 share consolidation completed during the 2022 year) of Quadro Resources Ltd. ("Quadro") (TSX-V: QRO) are valued at the December 31, 2023 closing price of \$0.03 per share (December 31, 2022 - \$0.045 – pre-share consolidation). The shares were received pursuant to the Company's disposition of its 50% interest in the Staghorn gold project in Newfoundland and a 33.3% interest in claims on the Great Northern Peninsula in Newfoundland. The Company received an additional 300,000 shares of Quadro (included within the 1,575,000 shares referenced above) during the year ended December 31, 2022, pursuant to a second anniversary option payment on the Careless Cove and Jackson's Arm properties held by the Company.
- (ix) The shares of Manning Ventures Inc. (CSE: MANN) are valued at the December 31, 2023 closing price of \$0.06 per share (December 31, 2022 - \$0.05) (post 1 for 4 share consolidation completed during the current year). The shares were received pursuant to the Company's option agreements with Manning on the Yukon property and the Flint Lake JV. During the year ended December 31, 2023, the Company disposed of 550,000 (pre-share consolidation) shares of Manning for gross proceeds of \$19,500 and recorded a gain on disposition of \$5,500. During the year ended December 31, 2022, the Company disposed of 250,000 (pre-consolidation shares) shares of Manning for gross proceeds of \$17,250. The Company recorded a gain on disposition of \$6,000 during the previous year.
- (x) The remaining 200,000 shares of General Copper Gold Corp. (formerly General Gold Resources Inc.) (TSX-V – GGLD) were disposed of during the current year for gross proceeds of \$12,500 and the Company recorded a gain on disposition of \$4,000. The shares were received pursuant to the Company's option agreement on the Clark's Brook property (see note 7(d)).
- (xi) The shares of Class 1 Nickel and Technologies Limited ("Class 1") (CSE: NICO) are valued at the December 31, 2023 closing price of \$0.06 per share (December 31, 2022 - \$0.145). The shares were received pursuant to the Company's sale of its 100% interest in claims located in the River Valley area of Ontario. During the year ended December 31, 2023, the Company disposed of 327,000 shares of Class 1 Nickel and Technologies for gross proceeds of \$21,120 and recorded a loss on disposition of \$1,245. During the year ended December 31, 2022, the Company disposed of 161,000 shares of Class 1 for gross proceeds of \$44,910 and recorded a gain on disposition of \$4,660.
- (xii) The shares of Golden Sky Minerals Corp. (TSX-V – AUEN) ("Golden Sky") are valued at the December 31, 2023 closing price of \$0.115 per share (December 31, 2022 - \$0.24). The shares were received pursuant to the Company's option of its 100% interest in its Squid East claims located in the Yukon (see note 7(d)). During the year ended December 31, 2023, the Company disposed of 171,000 shares of Golden Sky for gross proceeds of \$24,520 and recorded a loss on disposition of \$2,800. During the year ended December 31, 2023, Golden Sky completed a spin-out transaction with certain of its mineral properties into a new wholly-owned company, Thunderbird Minerals Corp. ("Thunderbird") (TSX-V: BIRD). Pursuant to this transaction, the Company received 0.5 shares of Thunderbird for each share of Golden Sky held thereby receiving 150,000 shares of Thunderbird. The shares of Thunderbird are valued at the December 31, 2023 closing price of \$0.075 per share.

## 7. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the years ended December 31, 2023 and 2022 is summarized in the tables below:

**For the year ended December 31, 2023**

	<b>Flint Lake (a)</b>	<b>Ogden (b)</b>	<b>Dona Lake (c)</b>	<b>Shabaqua (d)</b>	<b>Other (e)</b>	<b>Total</b>
<b>Dec. 31, 2022 - Acquisition Costs</b>	\$ -	578,753	2,673	-	11,594	593,020
Additions	670	22,723	-	47,874	917	72,184
Writedowns/Recoveries	-	-	-	-	-	-
<i>Subtotal</i>	\$ 670	22,723	-	47,874	917	72,184
<b>Dec. 31, 2023 - Acquisition Costs</b>	\$ 670	601,476	2,673	47,874	12,511	665,204
<b>Dec. 31, 2022 - Exploration and Evaluation Expenditures</b>	\$ 10,857	7,206,048	-	-	31,998	7,248,903
Assaying	3,306	-	-	15,749	154	19,209
Prospecting	21,821	-	740	64,763	3,737	91,061
Geological	9,725	5,040	1,122	36,365	7,184	59,436
Geophysical	-	(500)	-	-	-	(500)
Line Cutting	-	-	-	-	-	-
Trenching	-	-	-	77,922	-	77,922
Diamond Drilling	-	5,160	11,942	4,172	527	21,801
Miscellaneous	-	-	-	-	-	-
Aboriginal Consultation	-	-	-	98	-	98
Road Building/Maintenance	-	-	-	-	-	-
Writedowns/Recoveries	-	-	(13,804)	-	-	(13,804)
<i>Subtotal</i>	\$ 34,852	9,700	-	199,069	11,602	255,223
<b>Dec. 31, 2023 - Exploration and Evaluation Expenditures</b>	\$ 45,709	7,215,748	-	199,069	43,600	7,504,126
<b>Dec. 31, 2023 - Total</b>	\$ 46,379	7,817,224	2,673	246,943	56,111	8,169,330

**For the year ended December 31, 2022**

	<b>Flint Lake</b>	<b>Ogden</b>	<b>Dona Lake</b>	<b>Other</b>	<b>Total</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(e)</b>	
<b>Dec. 31, 2021 - Acquisition Costs</b>	\$ -	556,207	463,750	18,433	1,038,390
Additions	-	22,546	15,611	24,681	62,838
Writedowns/Recoveries	-	-	(476,688)	(31,520)	(508,208)
<i>Subtotal</i>	\$ -	22,546	(461,077)	(6,839)	(445,370)
<b>Dec. 31, 2022 - Acquisition Costs</b>	\$ -	<b>578,753</b>	<b>2,673</b>	<b>11,594</b>	<b>593,020</b>
<b>Dec. 31, 2021 - Exploration and Evaluation Expenditures</b>	\$ 10,857	6,183,727	3,007,197	28,878	9,230,659
Assaying	-	20,784	16,600	2,056	39,440
Prospecting	-	-	-	5,133	5,133
Geological	-	32,120	14,430	8,328	54,878
Geophysical	-	131,320	596	-	131,916
Diamond Drilling	-	838,097	1,145,915	-	1,984,012
Aboriginal Consultation	-	-	25,996	-	25,996
Writedowns/Recoveries	-	-	(4,210,734)	(12,397)	(4,223,131)
<i>Subtotal</i>	\$ -	1,022,321	(3,007,197)	3,120	(1,981,756)
<b>Dec. 31, 2022 - Exploration and Evaluation Expenditures</b>	\$ <b>10,857</b>	<b>7,206,048</b>	<b>-</b>	<b>31,998</b>	<b>7,248,903</b>
<b>Dec. 31, 2022 - Total</b>	\$ <b>10,857</b>	<b>7,784,801</b>	<b>2,673</b>	<b>43,592</b>	<b>7,841,923</b>

**a. Flint Lake Gold Property**

In 2007, the Company acquired an option on the Flint Lake Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 14 claims totaling 160 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the initial option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of \$200,000 on the property (completed). The Company exercised a second option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional \$250,000 on the property (completed). The Company has now earned a 81.3% interest and a joint venture has been formed on a 81.3% (the Company) and 18.7% (Endurance Gold Corp.) basis.

During the year ended December 31, 2020, the Company signed an option agreement with Manning Ventures Inc, ("Manning") whereby Manning has the right to earn a 100% interest of the Company's 81.3 % interest in the Flint Lake project by making cash payments to the Company totaling \$145,000 over three years (\$50,000 received); issue a total of 2,200,000 common shares of Manning to the Company over three years (700,000 received); and incur work expenditures of \$775,000 over three years. During the year ended December 31, 2022, Manning terminated the option and returned the project to the Company. The Company will continue to seek a partner to advance the project.

**b. Ogden**

The Company has entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") a wholly owned subsidiary of Newmont Goldcorp Corporation, to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares. The Company has earned a 50% interest in the property under the terms of the agreement.

The Company was the operator of the Property during the earn-in period has continued to operate the project afterwards, provided it continues to hold a 50% or greater interest in the property. During 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp executed a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

**c. Dona Lake**

The Dona Lake property consists of 32 patented and leased mining claims totaling approximately 430.1 hectares and covers the past producing Dona Lake Mine.

During the year ended December 31, 2019, the Company entered into an option and joint venture agreement with Goldcorp Canada Ltd. ("Goldcorp"), a wholly owned subsidiary of Newmont Goldcorp Corporation ("Newmont Goldcorp"). The option agreement allows for the Company to earn 100% of Goldcorp's interest in the Dona Lake property by issuing to Goldcorp a total of 7,000,000 common shares of the Company and funding \$4,000,000 in exploration expenditures over 36 months as per the following schedule:

- Issuing 500,000 shares (issued) within 5 days of definitive agreement and TSX approval (the "Start Date") (received) and spending a minimum \$500,000 prior to 1st anniversary of the Start Date (completed)
- Issuing 1,500,000 shares on or before 1st anniversary (issued) of the Start Date and spending an additional \$1,000,000, to include a minimum 2,500 m drilling, prior to 2nd anniversary of the Start Date (optional)
- Issuing 2,000,000 shares on or before 2nd anniversary (issued) of the Start Date and spending an additional \$2,500,000, to include a minimum 10,000 m drilling, prior to 3rd anniversary of the Start Date (optional)
- Issuing 3,000,000 shares on or before 3rd anniversary of the Start Date (Year 3 – optional)

After vesting, Newmont Goldcorp will have a one-time option to elect to earn back 51% of the Dona Lake property by spending \$4,000,000 on exploration over the following 24 months. During the year ended December 31, 2022, the Company elected to return the Dona Lake property to Newmont Goldcorp due to economic conditions that would prohibit the Company from assuming the reclamation commitment held by Newmont Goldcorp with the Ontario Ministry of Northern Development and Mines. As a result, the Company

wrote off deferred exploration and evaluation expenditures totaling \$13,804 (December 31, 2022 - \$4,687,422) associated with the Dona Lake property in the current year.

**d. Shabaqua**

During the year ended December 31, 2023, the Company completed three separate agreements to acquire claim packages located within the Shebandowan Greenstone Belt, approximately 54km west of Thunder Bay, Ontario near Shabaqua Corners. The first purchase agreement was for 5 claim units (33.73 hectares). The Company issued 300,000 common shares for a 100% interest subject to a 2% NSR in favour of the vendor of which 1% may be purchased by the Company at any time for \$1 million.

The second purchase agreement was for 6 claim units. During the year ended December 31, 2023, the Company paid \$7,500 and issued 400,000 common shares for a 100% interest subject to a 2% NSR in favour of the vendor of which 1% may be purchased by the Company at any time for \$1 million.

The final agreement to acquire 8 claim units was through an option agreement pursuant to which the Company will issue 750,000 common shares (150,000 issued), pay \$65,000 (\$10,000 paid) and incur work expenditures of \$200,000 over three years. Upon fulfilling these requirements, the Company will have earned a 100% interest subject to a 2% NSR in favour of the vendor of which 1% may be purchased by the Company at any time for \$1 million.

**e. Other Properties**

Other Properties consists of several early-stage projects that the Company is evaluating for exploration potential. Included in Other Properties are certain projects that are subject to agreements that are more fully described below.

*Iron Horse*

The Company retains a 0.9% royalty from the Iron Horse Project located approximately 120 km Northeast of Labrador City, Labrador and held by Sokoman Minerals Corp.

*Yukon*

The Yukon property consists of 148 staked claims in two separate claim blocks in the Dawson Range gold district. The claim blocks are located in the Matson Creek area (Squid East and West properties). The Company owns a 100% interest in all claim blocks.

During the 2018 fiscal year, the Company optioned the property to Manning Ventures Inc. (“Manning”). Under the terms of the agreement, which was amended during the year ended December 31, 2020, Manning has the option to acquire a 75% interest in the property by making cash payments to the Company of \$55,000 (\$35,000 received with remaining \$20,000 due on or before December 31, 2021), issue to the Company a total of 800,000 Manning common shares (600,000 received with remaining 200,000 due on or before December 31, 2021) and incur work expenditures of \$1,050,000 (as amended) over four years (\$50,000 by December 31, 2021). Manning is the operator during the option period. Manning terminated the option agreement and returned the property to the Company in the 2021 fiscal year.

During the year ended December 31, 2022, the Company optioned the property to Golden Sky Minerals Corp. (“Golden Sky”). Under the terms of the agreement Golden Sky has the option to acquire a 100% interest in the property by making cash payments to the Company of \$100,000 (\$25,000 received), issue to the Company a total of 1,200,000 Golden Sky common shares (300,000 received) and incur work expenditures of \$850,000 over four years. Upon Golden Sky completing all cash and share payments and incurring all required work expenditures, the Company will retain a 2% NSR on any future mineral production. Golden Sky will have the right to acquire 50% of the NSR (1%) from the Company for \$1,000,000.

*Clarks Brook*

During the year ended December 31, 2020, the Company signed a letter of intent outlining terms whereby Deep Blue Trading Inc. (“DBT”) (a private company owned by an arm’s length third party) can earn a 100%

interest in the Clarks Brook property by making cash payments of \$195,000 over three years (\$50,000 received) and issuing a total of 1,500,000 common shares over three years (200,000 shares of General Copper Gold Corp. (“General Gold”), the resultant issuer, received). Metals Creek will retain a 2% NSR, one-half (1%) of which can be purchased by DBT for \$1,000,000. DBT must also complete a 43-101 report on the property by the first anniversary. During the year ended December 31, 2022, General Gold terminated its agreement to acquire Clark’s Brook and returned the property to the Company.

#### *Careless Cove/Yellow Fox*

During the year ended December 31, 2020, the Company signed a letter of intent (“LOI”) with Quadro Resources Ltd. (“Quadro”) pursuant to which Quadro has the right to earn a 100% interest in the Company’s Careless Cove/Yellow Fox claims in Central Newfoundland. Pursuant to the terms of the LOI, Quadro must issue to the Company a total of \$80,000 and 2,000,000 Quadro common shares as amended during the year ended December 31, 2022 according to the following schedule:

- i.) \$15,000 (received) and 300,000 Quadro common shares (pre 1 for 3 share consolidation) (received);
- ii.) \$20,000 (received) and 300,000 Quadro common shares (pre 1 for 3 share consolidation) on or before the first anniversary (received);
- iii.) 300,000 Quadro common shares (post 1 for 3 share consolidation) on or before the second anniversary (per amendment to agreement whereby the Company agreed to accept 500,000 (pre 1 for 3 share consolidation) additional common shares of Quadro in lieu of the original \$20,000 cash payment originally agreed to) (received); and
- iv.) \$45,000 and 166,667 Quadro common shares (post 1 for 3 share consolidation) on or before the third anniversary (agreement terminated)

Upon completion of the above payments, Quadro will have earned a 100% interest. The Company will retain a 2% net smelter royalty (“NSR”) on any future mineral production. Quadro will retain the right to buy back one-half the of the NSR (1% of the 2%) from the Company for \$1 million. During the year ended December 31, 2023, Quadro terminated the agreement on Careless Cove/Yellow Fox and returned the property to the Company.

## **8. CAPITAL AND RESERVES**

### **i. Share Capital**

At December 31, 2023, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

### **ii. Share Purchase Warrants**

Details of share purchase warrant transactions for the years ended December 31, 2023 and 2022 are as follows:

# of Warrants	Amount \$	Wtd. Avg. Ex. Price
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Balance, December 31, 2021	48,053,346	2,482,200	\$0.16
Exercised during the year	(7,077,129)	(150,007)	\$0.10
Expired during the year	(8,016,033)	(172,047)	\$0.10
Balance, December 31, 2022	32,960,184	2,160,146	\$0.19
Issued during the year	19,424,626	238,801	\$0.06
Expired during the year	(28,373,184)	(1,742,344)	\$0.165
Balance, December 31, 2023	24,011,626	656,603	\$0.11

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model.

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

For the 5,347,888 warrants issued on July 25, 2023, the fair value of each warrant is \$0.012 and was estimated on the date of issuance with the following assumptions: dividend yield of 0%, expected volatility of 156%, a risk-free interest rate of 4.66% and an expected life of 2 years.

For the 1,000,000 warrants issued on August 21, 2023, the fair value of each warrant is \$0.012 and was estimated on the date of issuance with the following assumptions: dividend yield of 0%, expected volatility of 158%, a risk-free interest rate of 4.7% and an expected life of 2 years.

For the 1,253,334 warrants issued on September 21, 2023, the fair value of each warrant is \$0.012 and was estimated on the date of issuance with the following assumptions: dividend yield of 0%, expected volatility of 162%, a risk-free interest rate of 4.83% and an expected life of 2 years.

For the 11,823,404 warrants issued on December 26, 2023, the fair value of each warrant is \$0.0126 and was estimated on the date of issuance with the following assumptions: dividend yield of 0%, expected volatility of 178%, a risk-free interest rate of 3.85% and an expected life of 2 years.

The following table summarizes information about the warrants outstanding at December 31, 2023 and 2022:

Expiry Dates	Exercise Price	December 31,	December 31,
		2023	2022
		# of	# of
		Warrants	Warrants
March 17, 2023	\$0.165	-	28,373,184
December 23, 2024	\$0.30	4,587,000	4,587,000
July 25, 2025	\$0.06	5,047,888	-
July 25, 2025	\$0.05	300,000	-
August 21, 2025	\$0.06	1,000,000	-
September 21, 2025	\$0.06	353,334	-
September 21, 2025	\$0.05	900,000	-
December 26, 2025	\$0.06	11,823,404	-
		24,011,626	32,960,184

### iii. Stock Options

Details of stock option transactions for the year ended December 31, 2023 and year ended December 31, 2022 are as follows:

	# of	Wtd. Avg.
	Options	Ex. Price
Balance, December 31, 2021	9,900,000	\$0.12
Expired during the year	(100,000)	\$0.10
Balance, December 31, 2022	9,800,000	\$0.12

Expired during the year	(1,275,000)	\$0.12
Balance, December 31, 2023	8,525,000	\$0.13

(1) At December 31, 2023, the weighted-average remaining contractual life of stock options outstanding is 1.82 years (December 31, 2022 – 2.58 years)

The following table summarizes information about the options outstanding at December 31, 2023 and 2022:

Expiry Dates	Exercise Price	December 31,	December 31,
		2023	2022
		# of Options	# of Options
January 8, 2023	\$0.10	-	925,000
January 3, 2024	\$0.07	2,025,000	2,025,000
February 11, 2026	\$0.13	2,600,000	2,600,000
June 10, 2026	\$0.18	250,000	500,000
July 30, 2026	\$0.15	3,650,000	3,750,000
		8,525,000	9,800,000

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers, employees and consultants vested during the period ended December 31, 2022 are as follows:

<u>Grant Date</u>	<u># of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
February 11, 2021	97,352	\$0.13	February 11, 2026
June 10, 2021	73,516	\$0.18	June 10, 2026
July 30, 2021	930,945	\$0.15	July 30, 2026

The Company has calculated nil (December 31, 2022 - \$128,573) as share-based payments expense and under capital stock as reserves for the nil options vesting to directors, officers and employees and consultants during the year (December 31, 2022 – 1,101,813 options vesting)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

#### iv. Stock Option Plan

The Company has a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 15,046,226 common shares of which 8,525,000 are outstanding at December 31, 2023. The Plan provides that:

- any options granted pursuant to the Plan shall expire no later than five years after the date of grant;
- any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- the number of common shares issuable pursuant to the Plan to persons employed in technical consulting activities may not exceed 2% of the outstanding common shares in any 12 month period.
- the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is

as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

- the maximum number of common shares which may be reserved and set aside for issue under Plan is equal to up to 10% of the issued and outstanding common shares, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.
- the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; and (3) 1/3 twelve months from the date of granting.

## v. Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the "Rights Plan") to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

## vi. Private Placements

During the year ended December 31, 2023, the Company completed the following private placements:

- Commencing in July 2023 and concluding on September 21, 2023, the Company completed a non-brokered private placement of both flow-through and non-flow through units in three (3) separate tranches. The Company issued a total 6,181,200 flow-through units at a price of \$0.03 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant, each warrant entitling the holder therein to purchase an additional common share of the Company for \$0.06 for a period of two years from the date of issuance. The Company also issued 1,200,000 non-flow through units at a price of \$0.03 per unit. Each non-flow through unit consists of one common share and one common share purchase warrant, each warrant entitling the holder therein to purchase an additional common share of the Company for \$0.05 for a period of two years from the date of issuance. Aggregate gross proceeds raised in the private placement were \$221,436.

In connection with the private placement, the Company paid cash finders' fees totalling \$8,221 as well as 200,022 finders' warrants exercisable at \$0.06 expiring two years from the date of issuance. See note 8(ii).

- In December 2023, the Company completed a non-brokered private placement of both flow-through and non-flow through units. The first tranche of the private placement closed on December 26, 2023 with the Company issuing 11,173,400 flow-through units at a price of \$0.03 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrants, each warrant entitling the holder therein to purchase an additional common share of the Company for \$0.06 expiring two years from the date of issuance on December 26, 2025. Aggregate gross proceeds raised in tranche 1 of the private placement were \$335,202. Within this, 5,000,000 units for gross proceeds of \$150,000 were designated as flow-through for the purposes of critical minerals exploration as defined in the income tax act of Canada.

In connection with the private placement, the Company paid cash finders' fees totalling \$19,500 as well as 650,004 finders' warrants exercisable at \$0.06 expiring two years from the date of issuance on December 26, 2025.

## 9. LEASE LIABILITY

The lease liability relates to a lease for the Company's office premises. The previous lease expired on September 30, 2022 and the Company executed a new lease on its existing office in September 2022 for a two-year period with renewal options. Using an estimated interest rate of 12% (the Company's estimated incremental borrowing rate) at December 31, 2023, the undiscounted lease obligation is as follows:

	December 30, 2023	December 31, 2022
	\$	\$
Lease liability	10,218	22,400
Less: Current portion	(10,218)	(13,335)
Long-term portion	-	9,065

## 10. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the years ended December 31, 2023 and 2022:

Payee	Description of Relationship	Nature of Transaction	December 31, 2023 Amount (\$)	December 31, 2022 Amount (\$)
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	8,400	14,400
Nick Tsimidis	Director and Officer	Payments for consulting fees	-	15,000
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for field services capitalized in deferred development expenditures	-	425
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments for equipment rentals capitalized in deferred development expenditures	300	-

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at December 31, 2023 is:

- \$192 in accounts payable to Stares Contracting Corp. (December 31, 2022: \$Nil).
- Nil in accounts payable to Eastrock Exploration Inc., (December 31, 2022: \$2,760).
- Nil in accounts payable to Nick Tsimidis (December 31, 2022: \$3,390)

Key management personnel remuneration during the year ended December 31, 2023 included \$345,152 (December 31, 2022 - \$364,703) in salaries and benefits and nil (December 31, 2022 - \$42,113) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

## 11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and evaluation activities on its mineral exploration properties; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, its short-term working capital requirements, and its planned exploration and evaluation program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow-through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

In order to maintain or adjust the capital structure, the Company considers the following:

- i) incremental investment and acquisition opportunities;
- ii) equity and debt capital available from capital markets;
- iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
- iv) availability of other sources of debt with different characteristics than the existing bank debt;
- v) the sale of assets;
- vi) limiting the size of the investment program; and
- vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at December 31, 2023.

## 12. RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

### (a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

#### i) Trade credit risk

The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

#### ii) Cash and cash equivalents

In order to manage credit and liquidity risk the Company's cash and short-term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

#### iii) Derivative financial instruments

As at December 31, 2023, the Company has no derivative financial instruments.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

### (c) Interest rate risk

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short-term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk.

The Company is exposed to equity price risk, which arises from available-for-sale equity securities held as a result of various option agreements with other junior resource exploration companies. The primary goal of the Company's investment strategy is to maximize investment returns, to assist in funding the Company's exploration program and operations. Management is assisted by external advisers in this regard. The investments are designated as fair value through profit or loss, their performance is actively monitored and they are managed and accounted for on a fair value basis.

#### Sensitivity analysis

The Company's listed fair value through profit equity investments are held on either the TSX-V or CSE exchanges. A 10% increase/decrease in the value of these investments at the reporting date would have the effect of increasing/decreasing net loss by approximately \$26,000.

## 13. INCOME TAXES

### a. Income tax recovery

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 26.5% (December 31, 2022 – 26.5%).

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss before taxes	\$ <u>(921,667)</u>	\$ <u>(6,254,709)</u>
Expected income tax expense (recovery) calculated using statutory rates	(244,242)	(1,657,498)
Non-deductible expenses and other adjustments	111,818	1,464,248
Share issue costs	(10,949)	(20,923)
Valuation allowance on current taxes recoverable	<u>143,373</u>	<u>(110,231)</u>
Deferred tax recovery (flow-through)	\$ <u>-</u>	\$ <u>(324,404)</u>

b. **Deferred Tax Balances**

The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Non-capital losses	\$ 2,557,723	\$ 2,413,184
Investments	370,533	326,809
Deferred exploration expenditures	(1,095,414)	(982,862)
Share issue costs	35,398	42,127
Property and equipment	(3,515)	(5,333)
Valuation allowance	<u>(1,864,725)</u>	<u>(1,793,925)</u>
	\$ <u>-</u>	\$ <u>-</u>

c. **Income Tax Information**

The Company has non-capital losses which will expire, if unused, as follows:

<b>Year of Expiry</b>	<b>Amount</b>
2027	312,501
2028	477,824
2029	628,389
2030	595,537
2031	525,285
2032	877,369
2034	693,711
2035	752,088
2036	658,271
2037	655,830
2038	629,024
2039	626,268
2040	644,555
2041	767,885
2042	808,263
2043	<u>578,093</u>
<b>Total</b>	<b>\$ <u>10,230,893</u></b>

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current income.

In addition to the above-noted loss non-capital loss carry-forwards, the Company also has approximately \$3.79 million in combined Cumulative Canadian Exploration Expenses (CEE) and Cumulative Canadian Development Expenses (CDE) available for deduction from future taxable income in future years without expiry as well as net capital loss carry-forwards amounting to \$327,207.

## 14. SUPPLEMENTAL CASH FLOW INFORMATION

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	<u>\$</u>	<u>\$</u>
<i>Non-cash investing activities</i>		
Shares received for exploration and evaluation assets	-	60,750
Shares issued for mineral property option	30,250	-

## **15. INCOME (LOSS) PER SHARE**

Basic income (loss) per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

## **16. COMMITMENTS**

The Company executed a new lease agreement in September 2022 on its existing office premises. The term of the lease is for a period of two years with an option to renew for an additional two years. The agreement calls for monthly payments in the amount of \$1,255 plus HST until September 2023 and \$1,320 plus HST thereafter until September 2024. See note 9.

## **17. SUBSEQUENT EVENTS**

The following events occurred subsequent to December 31, 2023:

- 2,025,000 stock options with an exercise price of \$0.07 expired unexercised on January 3, 2024.