STERLING METALS CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Sterling Metals Corp.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

We also draw your attention to Note 8, Property rights, evaluation and exploration assets for commitments outstanding as of December 31, 2023.

The financial statements were approved by the Board of Directors on March 22, 2024.

"Mathew Wilson"	***"Dennis Logan"***
Mathew Wilson, CEO	Dennis Logan, CFO

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +601.684.6212
F: +601.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sterling Metals Corp.:

Opinion

We have audited the financial statements of Sterling Metals Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of net loss and comprehensive loss, statements of changes in shareholders' equity, and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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 IFRS accounting standards.

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 audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for property rights, evaluation and exploration assets	
Refer to note 8	Our approach to addressing the matter involved the following procedures, among others:
As at December 31, 2023, the carrying amount of the Company's property rights, evaluation and exploration assets was $13,661,041. At each reporting period, management assesses property rights, evaluation and exploration assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses property rights, evaluation and exploration assets for impairment based on, at minimum, the presence of any one of the following indicators: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2023. We considered this a key audit matter due to the significance of the property rights, evaluation and exploration assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the property rights, evaluation and exploration assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following: • Obtained evidence to support (i) the right to explore the area and (ii) claim expiration dates, by reference to government license registries for a sample of claims under the related purchase and property option agreements. • Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures. • Assessed whether available data indicates the potential for commercially viable mineral resources. • Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact 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 IFRS accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
March 22, 2024

STERLING METALS CORP.

Expressed in Canadian Dollars

STATEMENTS OF FINANCIAL POSITION

	As of December 31, 2023	As of December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	$3,811,689	$3,260,978
Sales tax receivable	133,360	141,436
Interest receivable on GIC investment	31,130	-
Prepaid expenses	151,763	169,842
Total Current Assets	**4,127,942**	**3,572,256**
Vehicle and equipment (Note 7)	104,692	107,668
Property rights, evaluation and exploration assets (Note 8)	13,661,041	8,758,671
	13,765,733	**8,866,339**
Total Assets	**$17,893,675**	**$12,438,595**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 9,13)	$237,490	$270,686
Flow-through share premium liability (Note 10)	396,863	71,370
Total Current Liabilities	**634,353**	**342,056**
Total Liabilities	**634,353**	**342,056**
Shareholders' Equity		
Share capital (Note 11)	42,215,341	37,912,174
Warrants (Note 11)	12,965,442	11,213,271
Share based payment reserve (Note 11)	16,652,457	15,980,757
Deficit	(54,573,918)	(53,009,663)
Total Shareholders' Equity	**17,259,322**	**12,096,539**
Total Liabilities and Shareholders' Equity	**$17,893,675**	**$12,438,595**

Nature of operations and going concern (Note 1)
Commitments (Note 8 and 10)

The financial statements were approved for issuance by the Board of Directors on March 22, 2024 and were signed on its behalf by:

"Stephen Keith"
Stephen Keith, Director

"Richard Patricio"
Richard Patricio, Director

--The accompanying notes form an integral part of the financial statements.--

Expressed in Canadian Dollars

STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

	Year Ended December 31, 2023	Year Ended December 31, 2022
General and Administrative Expenses		
General and administration	$300,323	$221,169
Investor relations	514,882	462,516
Management and Director fees (Note 13)	388,508	419,868
Consulting fees	-	69,967
Share-based compensation (Note 11)	671,700	584,400
Professional fees	113,298	85,357
Operating loss for the year	**(1,988,711)**	**(1,843,277)**
Other income		
Recovery of flow-through premium liability (Note 10)	336,893	302,530
Interest income	87,563	-
Net loss and comprehensive loss for the year	**($1,564,255)**	**($1,540,747)**
Net loss per share for the year		
Basic and diluted loss per share	**($0.02)**	**($0.02)**
Weighted Average Number of Shares Outstanding	100,303,286	62,022,365

--The accompanying notes form an integral part of the financial statements.--

Expressed in Canadian Dollars

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares outstanding	Share Capital	Warrants	Share Based Payment Reserve	(Deficit)	Total Equity
Balance at January 1, 2022	**48,319,311**	**$36,023,236**	**$8,903,610**	**$15,396,357**	**($51,468,916)**	**$8,854,287**
Shares and warrants issued on private placement (Note 11)	21,428,572	2,149,172	2,329,400	-	-	4,478,572
Issuance costs	-	(267,412)	(274,210)	-	-	(541,622)
Shares issued on warrant exercise (Note 11)	12,376	7,178	(3,465)	-	-	3,713
Issuance of broker warrants (Note 11)	-	-	257,936	-	-	257,936
Share-based compensation	-	-	-	584,400	-	584,400
Net loss and comprehensive loss for the year	-	-	-	-	(1,540,747)	(1,540,747)
Balance at December 31, 2022	**69,760,259**	**$37,912,174**	**$11,213,271**	**$15,980,757**	**($53,009,663)**	**$12,096,539**
Balance at January 1, 2023	**69,760,259**	**$37,912,174**	**$11,213,271**	**$15,980,757**	**($53,009,663)**	**$12,096,539**
Shares and warrants issued on private placement (Note 11)	38,239,166	3,956,944	1,778,936	-	-	5,735,880
Issuance costs	-	(418,777)	(188,262)	-	-	(607,039)
Shares issued on property option acquisition (Notes 8,11)	4,500,000	765,000	-	-	-	765,000
Issuance of broker warrants	-	-	161,497	-	-	161,497
Share-based compensation	-	-	-	671,700	-	671,700
Net loss and comprehensive loss for the year	-	-	-	-	(1,564,255)	(1,564,255)
Balance at Decemebr 31, 2023	**112,499,425**	**$42,215,341**	**$12,965,442**	**$16,652,457**	**($54,573,918)**	**$17,259,322**

--The accompanying notes form an integral part of the financial statements.--

STERLING METALS CORP.

Expressed in Canadian Dollars

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating activities		
Net loss for the year	($1,564,255)	($1,540,747)
Add (deduct) non-cash items:		
Exploration costs	-	-
Non-cash share-based compensation	671,700	584,400
Non-cash recovery of flow-through share premium liability (Note 10)	(336,893)	(302,530)
	(1,229,448)	(1,258,877)
Net change in non-cash working capital		
Change in sales tax receivable	8,076	244,587
Change in interest receivable	(31,130)	-
Change in prepaid expenses	18,079	40,110
Change in accounts payable and accrued liabilities	(33,199)	98,262
Cash used in operating activities	**(1,267,622)**	**(875,918)**
Investing activities		
Purchase of vehicle and equipment (Note 7)	(33,617)	(81,044)
Property rights, evaluation and exploration costs (Note 8)	(4,100,775)	(2,682,789)
Cash used in investing activities	**(4,134,392)**	**(2,763,833)**
Financing activities		
Issuance of common shares on the exercise of options and warrants (Note 11)	-	3,713
Issuance of common shares and warrants (Note 11)	6,476,664	4,800,000
Issuance costs allocated to shares and warrants (Note 11)	(523,939)	(331,620)
Cash provided by financing activities	**5,952,725**	**4,472,093**
Net increase in cash and cash equivalents during the year	**550,711**	**832,342**
Cash and cash equivalents at beginning	3,260,978	2,428,636
Cash and cash equivalents at ending	**$3,811,689**	**$3,260,978**

Cash and cash equivalents consists of :				
Cash	$	811,689	$	3,260,978
Cash equivalents		3,000,000		-
	$	3,811,689	$	3,260,978
Supplementary Cash Flow Information				
Issuance of 4,500,000 common shares on property option acquisition	$	765,000	$	-
Accrued interest receivable on GIC investment maturing January 15, 2024	$	31,130	$	-
Interest received on GIC investment	$	56,433	$	-
Taxes paid	$	-	$	-
Interest paid	$	-	$	-
Depreciation and amortization capitalized to mineral properties	$	27,818	$	16,230

--The accompanying notes form an integral part of the financial statements.--

NOTES TO THE FINANCIAL STATEMENTS

1) Nature of operations and going concern

Sterling Metals Corp. ("SAG" or "the Company") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company's principal business activity is the exploration and development of resource properties. The head office of the Company is located at Suite 401, 217 Queen Street West, Toronto, ON, M5V 0R2. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol SAG.

These financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $1,564,255 for the year ended December 31, 2023 (2022: $1,540,747). At December 31, 2023, the Company had an accumulated deficit of $54,573,918 (2022: $53,009,663). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. At December 31, 2023, the Company had a total of $4,127,942 of current assets, cash of $3,811,689 and working capital of $3,493,589 and had flow-through expenditure commitments of $1,331,507 to be incurred prior to December 31, 2024.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and warrants, and the exercise of options and warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. These conditions create a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2) Statement of compliance and basis of preparation

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

These financial statements were authorized for issuance by the Board of Directors on March 22, 2024.

3) Material accounting policies

a) Basis of measurement

These financial statements were prepared on an historical cost basis using the accrual basis of accounting, except for the cash flow statement.

These financial statements are presented in Canadian dollars. The functional currency was determined using the currency of the primary economic environment in which the entity operates. The functional currency, as determined by management, of the Company is the Canadian dollar. All amounts are rounded to the nearest dollar.

b) Property rights, evaluation and exploration assets

Evaluation and exploration assets

Evaluation and exploration assets ("E&E") include the direct costs of licenses, technical services and studies, environmental studies, seismic studies, exploration drilling and testing, borrowing costs, and directly attributable overhead and administration expenses including remuneration of operating personnel and supervisory management. These costs do not include general prospecting or evaluation costs incurred prior to having obtained the rights to explore an area, which are expensed as they are incurred. E&E expenditures are capitalized and carried forward until technical feasibility and commercial viability of extracting the resource is established.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, expenditures are reclassified to development assets within property, plant and equipment and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

The establishment of technical feasibility of a mineral property is assessed based on a combination of factors including the extent to which mineral reserves as defined in National Instrument 43-101 have been identified through a feasibility study or similar document.

E&E assets are tested for impairment immediately prior to reclassification to development assets.

Property rights

Acquisition costs for mineral exploration rights are deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written off to operations. These costs are depleted on a unit-of-production basis commencing at the onset of commercial production for the related property.

Property rights, evaluation and exploration assets are classified as intangible assets.

Impairment of non-financial assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. The following facts and circumstances indicate that the Company should test its tangible and intangible assets for impairment: (i) the period for which the entity has the right to explore in a specific area has expired during the period, or in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted or planned; (iii) exploration for and the evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and, (iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period.

The recoverable amount is the greater of the asset's fair value less cost of disposal and value in use. 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 of money and the risks specific to the asset. 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.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Property option agreements

As is common in the mineral exploration industry, the Company may acquire or dispose of all, or a portion of, an E&E asset under an option agreement. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, often several years, entirely at the discretion of the optionee. The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Amounts received under option agreements reduce the capitalized costs of the E&E assets to $nil, and are then recognized in the Company's profit or loss.

c) Share-based payments

The Company has a stock option plan whereby employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for share-based payments. The fair value for these options is estimated at the date of grant using the Black-Scholes Option Pricing Model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of share-based payments. The cost of options is recognized, together with a corresponding increase in share-based payment reserves, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder becomes fully entitled to the award (the "vesting date"). The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records share-based compensation expense and share-based payment reserves for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Any consideration received on the exercise of stock options is credited to capital stock.

Where the terms of a stock option award are modified, the minimum expense recognized in share-based payment reserve is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the option holder as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

d) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Diluted loss per share is equivalent to basic loss per share, as the affect of potentially dilutive equity instruments is anti-dilutive.

e) Share capital and warrants

Common shares, options and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, options and warrants are recognized as a deduction from equity, net of any tax effects. The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). The Company bifurcates units which consist of common shares and share purchase warrants using the relative value approach, whereby it measures the warrant component at fair value using the Black-Scholes Option Pricing Model and then allocates the relative value of the units between the warrant component and the common share component. The value of the warrant component is credited to the warrant reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to common stock.

Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Broker compensation options (Broker Warrants) are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes Option Pricing Model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes option pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded in profit or loss.

When the share price of the Company is at or below the strike price of any warrant that has been issued, warrants may expire unexercised. When warrants expire unexercised the carrying of the expired warrants are transferred from the warrant account within equity to share capital in order to transfer the portion of the original proceeds of equity financings that were allocated to warrants that were issued back to share capital on the date that the warrants expire.

f) Flow-Through Shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements may be renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance of flow-through common shares, the Company bifurcates the flow-through share into: (a) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (b) share capital. On the effective date that resource expenditures are renounced to investors, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized within the tax provision in the statement of net loss.

Proceeds from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. Any amount of the proceeds from the issuance of flow-through shares that have not been spent on resource expenditures that have already been renounced at the end of the two-year period are subject to a 10% penalty tax. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial instruments are initially recognized at fair value. Transaction costs related to financial instruments are included in the initial recognition of financial instruments classified and measured at amortized cost and FVTOCI. For financial instruments classified and measured at FVTPL, transaction costs are expensed in profit or loss in the period in which they are incurred.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash, and accounts payable and accrued liabilities as financial assets and financial liabilities measured at amortized cost using the effective interest method, less any impairment losses. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instruments, or where appropriate, a shorter period.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4) Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future period affected.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements.

a) Critical estimates

Share-based payments

Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and finder's warrants which requires the input of subjective assumptions including expected price volatility, expected life, interest rate and forfeiture rate. Changes in the input assumptions can materiality affect the fair market value estimate and the Company's results and equity reserves.

Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market and business environment, the events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Premium on Flow-through Units

At the time of issue, the Company estimates the proportion of proceeds attributed to the flow-through share premium, the common share and the warrant, if applicable, with reference to closing market prices and such techniques as the Black-Scholes option-pricing model.

b) Critical judgements

Carrying amount and recoverability of property rights, evaluation and exploration assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of property rights, evaluation and exploration assets. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less cost of disposal and value in use. 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 of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

5) New accounting standards issued and adopted in the current period and Recent accounting pronouncements not yet adopted

New Standards Adopted in the Current Year

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2023 and have been adopted in preparing these financial statements.

IAS 1 – Presentation of Financial Statements: Effective January 1, 2023, amendments to IAS 1 Presentation of Financial Statements were adopted with respect to disclosure of the Company's accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the financial statements. As a result of the adoption of the amendments, the title of Note 3 was changed from "significant accounting policies" which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

IAS 8 – Accounting Policies. Changes in Accounting Estimates and Errors: The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Recent Accounting Pronouncements not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2024 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements.

6) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments recorded at fair value are measured using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company does not have any financial instruments measured at fair value. The Company's financial instruments include cash, accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate their fair values due to their short-term nature.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk.

c) Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of a financial instrument. Market risk is comprised of interest rate risk, currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. At December 31, 2023, management believes that the Company was not subject to material interest rate, foreign currency or other price risk. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk.

d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management involves maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The

Expressed in Canadian Dollars

Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations. As of December 31, 2023, all accounts payable and accrued liabilities are due within 45 days and the Company has sufficient cash resources to meet these obligations as they come due.

As of December 31, 2023, the Company had positive working capital of $3,493,589. Available funds from cash on hand and working capital are expected to be sufficient to cover a portion of the Company's planned expenditures for the next twelve months. Any shortfall in available funds may be made up of possible proceeds of possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof. There have not been any changes in the exposure to risk or the Company's objectives, policies, and processes for managing the risk.

7) Vehicle and equipment

	Vehicles	Equipment	Total
Cost			
Balance December 31, 2022	$ 93,545	$ 41,646	$ 135,191
Additions	-	33,617	33,617
Disposals	-	-	-
Balance December 31, 2023	**$ 93,545**	**$ 75,263**	**$ 168,808**
Accumulated Amortization			
Balance December 31, 2022	**$ (23,290)**	**$ (4,233)**	**$ (27,523)**
Amortization	(20,887)	(15,706)	(36,593)
Disposals	-	-	-
Additions	-	-	-
Balance December 31, 2023	**$ (44,177)**	**$ (19,939)**	**$ (64,116)**
Carrying Amounts			
At December 31, 2022	70,255	37,413	107,668
At December 31, 2023	**$ 49,368**	**$ 55,324**	**$ 104,692**

Expressed in Canadian Dollars

8) Property rights, evaluation and exploration assets

		Sail Pond		Adeline		Total
Carrying amount						
Balance January 1, 2022	**$**	**6,059,652**		**$ -**	**$**	**6,059,652**
Exploration						
Drilling		1,334,737		-		1,334,737
Field and administration		234,322		-		234,322
Geological and Geophysical services		660,500		-		660,500
Assays		365,420		-		365,420
Prospecting		87,810		-		87,810
Depreciation and amortization capitalized		16,230		-		16,230
Balance December 31, 2022	**$**	**8,758,671**		**$ -**		**$8,758,671**
Acquisitions						
Cash		**$ -**	$	400,000	$	400,000
Common shares issued		-		765,000		765,000
Exploration						
Drilling		348,249		812,908		1,161,157
Field and administration		441,112		943,186		1,384,298
Geological and Geophysical services		534,140		402,691		936,831
Assays		137,815		86,126		223,941
Prospecting		3,325		-		3,325
Depreciation and amortization capitalized		7,802		20,016		27,818
Balance December 31, 2023		**$10,231,114**		**$3,429,927**		**$13,661,041**

Sail Pond Silver-Copper-Lead-Zinc Project

On October 2, 2020, the Company entered into an option agreement ("Sail Pond Property Option Agreement") with Altius Resources Inc. to purchase from Altius Resources Inc., 100% of the Sail Pond silver-copper-lead-zinc project ("Project") on the Great Northern Peninsula of Newfoundland. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company issued 5,899,125 common shares of the Company, representing approximately 19.9% of the then outstanding shares of the Company, to Altius Resources Inc. ("Altius"). Altius also holds a 2% NSR royalty over the project. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of $500,000 within the first 12 months and $1,000,000 within the first 3 years of entering into the agreement. Additionally, the Company is committed to issue Altius Resources Inc. an additional $200,000 in common shares on the earlier of 12 months from the date of signing or on the completion of an equity financing of at least $2,000,000. This liability was settled by the issuance of 606,061 Common Shares at a price of $0.33 per common share on February 1, 2021. As part of the Agreement, Altius delivered to the Company an updated technical report under National Instrument 43-101 on the Project.

The Sail Pond Property Option Agreement was approved by the TSX Venture Exchange on October 6, 2020.

The Company has met all of the commitments under the Sail Pond Property Option Agreement and the mineral property rights are now owned 100% by the Company.

As of December 31, 2023, the Company reviewed the carrying value of the exploration expenditures that had been capitalized to the Sail Pond project. No indicators or impairment were identified for the Sail Pond project as at December 31, 2023.

Adeline Copper-Silver Project

On March 6, 2023, the Company entered into an option agreement ("Adeline Property Option Agreement") with Chesterfield Resources Plc, and its wholly owned subsidiary, Chesterfield (Canada) Inc. (collectively "**Chesterfield**") to purchase from Chesterfield, 100% of the Adeline Copper-Silver project in Labrador. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company made a cash payment of $100,000. On approval of the transaction by the TSX Venture Exchange, the Company issued 4,500,000 common shares of the Company, to Chesterfield Resources Plc., and made an additional cash payment of $300,000 to Chesterfield (Canada) Inc.

Expressed in Canadian Dollars

Other key conditions of the option purchase agreement include the issuance of an additional 4,500,000 common shares of the Company on or before November 30, 2024, and an additional cash payment of $400,000 on or before November 30, 2024.

9) Accounts payable and accrued liabilities

	December 31, 2023		December 31, 2022	
Accounts payable	$	159,188	$	213,678
Accrued liabilities		78,302		57,008
Total	**$**	**237,490**	**$**	**270,686**

10) Flow-through share premium liability

A summary of the changes in the Company's flow-through share premium liability was as follows:

Flow-Through Share Premium Liability	
Balance December 31, 2021	**$ 100,406**
Flow-through share premium on the issuance of flow-through common share units (Note 11 (b))	321,428
Issuance costs allocated to the flow-through share premium liability	(47,934)
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(302,530)
Balance December 31, 2022	**$ 71,370**
Flow-through share premium on the issuance of flow-through common share units (Note 11 (b))	740,784
Issuance costs allocated to the flow-through share premium liability	(78,398)
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(336,893)
Balance December 31, 2023	**$ 396,863**

During the year ended December 31, 2023, the Company issued flow-through shares and estimated the value of the flow-through premium associated with those shares to be $740,784 and allocated $78,399 in share issuance costs to the flow-through share premium liability.

As at December 31, 2023, the Company had yet to settle all of the flow-through share liability by renouncing eligible exploration expenditures on the April 2023 flow through issuance. The Company must spend an additional $1,331,507 by December 31, 2024, to satisfy its expenditure renunciation commitments.

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

11) Share capital

a) Authorized

Unlimited number of common shares without par value. There are no restrictions on the Company's common shares with respect to issuance, transfer, distribution of dividends, the repayment of capital or voting rights.

b) Issued

Year ended December 31, 2023

On March 21, 2023, the Company issued 4,500,000 common shares valued at $765,000 to Chesterfield Resources Plc. Under the terms of the Adeline Property Option Agreement.

On April 17, 2023, the Company completed a brokered private placement of: (i) 19,624,966 hard dollar units of the Company (each, a "HD Unit") at a price of $0.15 per HD Unit, (ii) 11,914,200 flow-through units of the Company (each, a "FT Unit") at a price of $0.17 per FT Unit, and (iii) 6,700,000 charity flow-through units of the Company (each, a "Charity FT Unit") at a price of $0.225 per Charity FT Unit, for aggregate gross proceeds of $6,476,664 (the "Offering"). Each HD Unit is comprised of one common share ("Common Share") in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.25 until April 17, 2025. Each FT Unit is comprised of one Common Share, issued on a flow-through basis ("FT Share") and one Warrant, issued on a non-flow-through basis, having the same terms as the Warrants partially comprising the HD Units. Each Charity FT Unit is comprised of one Common Share, issued on a flow-through basis ("Charity FT Share") and one Warrant, having the same terms as the Warrants partially comprising the HD Units and FT Units.

Total gross proceeds of $6,476,664 were allocated to common shares, warrants and share premium liability in the amounts of $3,876,788, $1,859,087 and $740,784 respectively. The Company issued 1,775,834 Broker Warrants with a strike price of $0.15 and a term of two years. The April 17, 2023 Broker Warrants were valued at $161,497.

The fair value of the warrants and broker warrants were determined with the following weighted average assumptions:

	Warrants	**Broker Warrants**
Assumption	**April 17, 2023**	**April 17, 2023**
Share price	**$0.13**	**$0.13**
Strike Price	**$0.25**	**$0.15**
Risk-free rate	**3.88%**	**3.88%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**103.52%**	**1.3.52%**
Warrant life in years	**2.00**	**2.00**

Year ended December 31, 2022

On May 5, 2022, the Company closed a non-brokered private placement through the issuance of 15,000,000 units at a price of $0.20 per unit for aggregate gross proceeds of $3,000,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each unit warrant entitles the holder thereof to acquire one common share at a price of $0.40 per common share for a period of 2 years from the closing date. The Company paid a cash finders' fee of $118,810 equal to 7% of the gross proceeds of the offering delivered by the finders and issued 594,050 warrants to finders ("May 5 2022 Broker Warrants"). Each May 5 2022 Broker Warrant entitles the holder to acquire a common share at a price of $0.20 per Common Share for a period of 2 years from the closing date.

Total gross proceeds of $3,000,000 were allocated to common shares and warrants in the amounts of $1,282,965 and $1,717,035 respectively. The May 5 2022 Broker Warrants were valued at $164,710.

The fair value of the warrants and broker warrants were determined with the following weighted average assumptions:

Expressed in Canadian Dollars

	Warrants	Broker Warrants
Assumption	**May 5, 2022**	**May 5, 2022**
Share price	**$0.30**	**$0.30**
Strike Price	**$0.40**	**$0.20**
Risk-free rate	**2.69%**	**2.69%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**235.44%**	**235.44%**
Warrant life in years	**2.00**	**2.00**

On May 27, 2022, the Company closed a non-brokered private placement through the issuance of 6,428,571 charity flow-through units at a price of $0.28 per charity flow-through unit for aggregate gross proceeds of $1,800,000. Each charity flow-through unit is comprised of one common share in the capital of the Company issued on a flow-through basis and one common share purchase warrant. Each charity flow-through unit warrant entitles the holder thereof to acquire one common share at a price of $0.40 per common share for a period of 2 years from the closing date. The Company paid a cash finders' fee of $126,000 and issued 449,999 warrants to finders ("May 27 2022 Broker Warrants"). Each May 27 2022 Broker Warrant entitles the holder to acquire a common share at a price of $0.28 per Common Share for a period of 2 years from the closing date.

Total gross proceeds of $1,800,000 were allocated to common shares, warrants and the flow-through premium liability in the amounts of $866,207, $612,365, and $321,428 respectively. The May 27 2022 Broker Warrants were valued at $93,227.

The fair value of the Warrants and Broker Warrants were determined with the following weighted average assumptions:

	Warrants	Broker Warrants
Assumption	**May 27, 2022**	**May 27, 2022**
Share price	**$0.23**	**$0.23**
Strike Price	**$0.40**	**$0.20**
Risk-free rate	**2.55%**	**2.55%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**226.46%**	**226.46%**
Warrant life in years	**2.00**	**2.00**

During the year ended December 31, 2022, the Company issued 12,376 common shares on the exercise of 12,376 common share purchase warrants and realized cash proceeds of $3,713 from the exercise.

c) Stock options

The Company has established an incentive stock option plan (the "Plan") for management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company. The plan is approved annually by shareholders and was last approved on October 18, 2023 at the Annual and Special Meeting of Shareholders

During the year ended December 31, 2023

On January 23, 2023, the Company granted 2,000,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.21 per common share for a period of two years from the grant date. The Company recognized $235,400 in share-based compensation for the stock options that were granted.

On May 8, 2023, the Company granted 6,280,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.15 per common share for a period of two years from the grant date. The Company recognized $425,000 in share-based compensation for the stock options that were granted.

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

On August 29, 2023, the Company granted 175,000 incentive stock options to Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.15 per common share for a period of two years from the grant date. The Company recognized $11,000 in share-based compensation for the stock options that were granted.

The weighted average assumptions used were as follows:

Weighted Average	August 29, 2023	May 8, 2023	January 23, 2023
Share price	**$0.12**	**$0.13**	**$0.21**
Exercise price	**$0.15**	**$0.15**	**$0.21**
Risk-free rate	**4.68%**	**3.76%**	**3.64%**
Expected dividend yield	**0.00%**	**0.00%**	**0.00%**
Expected volatility	**108.51%**	**103.66%**	**105.38%**
Option life in years	**2.00**	**2.00**	**2.00**

<u>During the year ended December 31, 2022</u>

On June 9, 2022, the Company granted 2,125,000 incentive stock options to Officers, Directors, Employees and Consultants of the Company that vested immediately. These options are exercisable at a price of $0.32 per common share for a period of two years from the grant date. The Company recognized $584,400 in share-based compensation for the stock options that were granted.

The weighted average assumptions used were as follows:

Weighted Average	June 9, 2022
Share price	**$0.32**
Exercise price	**$0.32**
Risk-free rate	**3.03%**
Expected dividend yield	**0.00%**
Expected volatility	**205.39%**
Warrant life in years	**2.00**

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2023:

Expiry date	Exercise Price	December 31, 2023 Outstanding	December 31, 2023 Exercisable
June-9-2024	$0.32	2,125,000	2,125,000
January-24-2025	$0.21	2,000,000	2,000,000
May-8-2025	$0.15	6,280,000	6,280,000
August-29-2025	$0.15	175,000	175,000
		10,580,000	**10,580,000**

	December 31, 2023
The outstanding options have a weighted-average exercise price of:	$0.19
The weighted average remaining life in years of the outstanding options is:	1.12

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

The following table reflects the continuity of stock options for the periods presented:

Stock option activity	December 31, 2023	Weighted Average Exercise price	December 31, 2022	Weighted Average Exercise price
Balance – beginning	2,870,000	$0.43	4,140,000	$0.56
Granted	8,455,000	$0.16	2,125,000	$0.32
Expired	(745,000)	$0.78	(3,395,000)	$0.51
Balance – ending	10,580,000	$0.19	2,870,000	$0.43

d) Warrants

The following table summarizes warrants outstanding of December 31, 2023:

Date of Issuance	Date of Expiry	Exercise Price	December 31, 2023 Outstanding
May-05-2022	May-05-2024	$0.40	15,000,000
May-05-2022	May-05-2024	$0.20	594,050
May-27-2022	May-27-2024	$0.40	6,428,571
May-27-2022	May-27-2024	$0.28	449,999
April-17-2023	April-17-2025	$0.25	38,239,166
April-17-2023	April-17-2025	$0.15	1,775,834
			62,487,620

	December 31, 2023
The outstanding warrants have a weighted-average exercise price of:	$0.30
The weighted average remaining life in years of the outstanding warrants is:	0.96

The following table reflects the continuity of warrants for the years presented:

Warrant activity	December 31, 2023	Weighted Average Exercise price	December 31, 2022	Weighted Average Exercise price
Balance – beginning	28,391,195	$0.47	19,701,042	$0.63
Issued on private placements	38,239,166	$0.25	21,428,571	$0.40
Issued to brokers	1,775,834	$0.15	1,044,049	$0.23
Exercised	-	-	(12,376)	$0.30
Expired	(5,918,575)	$0.77	(13,770,091)	$0.58
Balance – ending	**62,487,620**	**$0.30**	28,391,195	$0.47

The following table reflects the share price on the TSX Venture Exchange on the date the warrants were exercised:

Date	Number of warrants exercised	Exercise price	Share price
Year Ended December 31, 2023			
None	0	$0.00	$0.00
Year Ended December 31, 2022			
16-Dec-22	12,376	$0.30	$0.31

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

12) Capital management

The Company's capital structure consists of all components of shareholders' equity in the amount of $17,259,322 (2022: $12,096,539). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

13) Related party transactions

Related parties are comprised of the shareholders and key management personnel of the Company. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. The Company has determined that its key management personnel are the directors and senior management. Compensation paid or accrued to key management personnel for the years ended December 31, 2023, and 2022 is summarized as follows:

Name and principal position	Year	Remuneration or fees (1)	Share based compensation (1)	Included in accounts payable (1)
Mathew Wilson, CEO - management fees[2]	**2023**	**$230,000**	**$176,609**	**$1,964**
	2022	271,667	130,630	$3,352
Dennis Logan, CFO - management fees[2]	**2023**	**$108,000**	**$57,394**	**-**
	2022	99,000	82,504	-
Jeremy Niemi, VP Exploration [2,3]	**2023**	**$180,000**	**$176,609**	**-**
	2022	500,000	137,506	-
Richard Patricio, Director - director fees	**2023**	**$24,000**	**$57,394**	**-**
	2022	24,000	82,503	-
Stephen Kieth, Director - director fees	**2023**	**$24,000**	**$21,926**	**-**
	2022	24,000	41,252	-

(1) Amounts disclosed were paid or accrued to the related party during the years ended December 31, 2023 and 2022.

(2) Amounts paid to the individuals indirectly through companies controlled by the related party.

(3) Amounts paid have been capitalized to Property rights, ex[ploration and evaluation assets.

14) Income taxes

The following table reconciles the expected income taxes at the Canadian statutory income tax rates to the amounts recognized in the statement of financial position as at:

		2023		2022
Earnings (loss) for the year	$	(1,564,255)	$	(1,540,747)
Expected income tax (recovery)	$	(422,349)	$	(416,002)
Change in statutory, foreign tax, foreign exchange rates and other		-		-
Non-deductible expenditures		97,398		157,788
Impact of flow through share		759,569		(81,683)
Share issue cost		(163,895)		(98,207)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		1,634,437		-
Change in unrecognized deductible temporary differences		(1,905,160)		438,104
Total income tax expense (recovery)	**$**	**-**	**$**	**-**
Current income tax	**$**	**-**	**$**	**-**
Deferred tax recovery	**$**	**-**	**$**	**-**

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

Expressed in Canadian Dollars

NOTES TO THE FINANCIAL STATEMENTS

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

		2023		2022
Deferred Tax Assets (liabilities)				
Property rights, evaluation and exploration assets	$	(2,107,000)	$	354,160
Non-capital losses		4,036,000		3,544,000
Allowable capital losses		1,663,000		1,663,000
Share issuance costs		268,000		204,000
Net deferred tax liability	**$**	**3,860,000**	**$**	**5,765,160**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2023	Expiry Date Range
Temporary Differences		
Property, plant and equipment		No expiry date
Non-capital loss		No expiry date
Allowable capital loss		No expiry date
Share issue costs		2023 to 2026

As discussed in Note 11, during the year ended Decem,ber 31, 2023, the Company issued 18,614,200 common shares on a flow-through basis for gross proceeds of $3,532914. The underlying flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's mining properties.

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

The Company has non-capital losses of approximately $13,654,832 which may be carried forward to reduce taxable income in future years. The non-capital losses expire as follows:

	Non-capital loss	Year of Expiry
$	6,824,098	2034
	881,630	2036
	973,684	2037
	255,884	2038
	435,129	2039
	1,184,538	2040
	1,335,706	2041
	956,347	2042
	807,816	2043
$	13,654,832	

15) Segmented operations

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

16) Subsequent events

On February 13, 2024 the Company entered into a definitive share purchase agreement (the “Agreement”), with Copper Road Resources Inc. (the "Vendor") and its wholly-owned subsidiary, 100797918 Ontario Inc. (the "Subsidiary") to acquire 100% interest in the Copper Road Project (“Copper Road” or the “Project”), from Copper Road Resources Inc. (TSXV: CRD), arm’s length parties to the Company (the “Transaction”). Copper Road is located 80km north of Sault Ste. Marie, Ontario, Canada.

In order to effect the Transaction, the Vendor will assign all its right, title and interest to the Project, including two option agreements (the "Option Agreements"), to the Subsidiary. The Company will acquire, by way of an exempt takeover bid, all of the issued and outstanding common shares (the "Purchased Shares") in the capital of the Subsidiary from the Vendor, in consideration, of the issuance to the Vendor such number of common shares (the "Common Shares") in the capital of the Company which is equal to 49% of the issued and outstanding Common Shares immediately upon closing of the Transaction, and aggregate cash payments of $460,000 to the Vendor, comprised of $200,000 upon execution of the Agreement (paid on March 1, 2024) and $260,000 upon closing of the Transaction. The Subsidiary currently holds a 100% interest in the Copper Road Project, an exploration stage property and will be accounted for as an asset acquisition by the Company. The completion of the Transaction is subject to the satisfaction of certain conditions precedent, including but not limited to receipt of all necessary consents, including the consent of the assignment of the Option Agreements to the Subsidiary by the optionors to the Option Agreements, approvals and other authorizations of any regulatory authorities, including but not limited to the approval of the TSX Venture Exchange and the approval of the shareholders of the Vendor.