



## **STERLING METALS CORP.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024**

Expressed in Canadian Dollars

### **NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim financial statements.

# STERLING METALS CORP.

*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 unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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.

The financial statements were approved by the Board of Directors on August 28, 2024.

***"Mathew Wilson"***

Mathew Wilson, CEO

***"Dennis Logan"***

Dennis Logan, CFO

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As of June 30, 2024	As of December 31, 2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$2,244,366	\$3,811,689
Sales tax receivable	123,292	133,360
Interest receivable on GIC investment	-	31,130
Prepaid expenses	72,843	151,763
<b>Total Current Assets</b>	<b>2,440,501</b>	<b>4,127,942</b>
Vehicle and equipment (Note 7)	87,855	104,692
Property rights, evaluation and exploration assets (Note 8)	20,984,592	13,661,041
<b>Total Assets</b>	<b>\$23,512,948</b>	<b>\$17,893,675</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$305,003	\$237,490
Flow-through share premium liability (Note 10)	236,575	396,863
<b>Total Current Liabilities</b>	<b>541,578</b>	<b>634,353</b>
<b>Total Liabilities</b>	<b>541,578</b>	<b>634,353</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)	48,281,432	42,215,341
Warrants (Note 11)	12,965,442	12,965,442
Share based payment reserve (Note 11)	16,652,457	16,652,457
Deficit	(54,927,961)	(54,573,918)
<b>Total Shareholders' Equity</b>	<b>22,971,370</b>	<b>17,259,322</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$23,512,948</b>	<b>\$17,893,675</b>

Nature of operations and going concern (Note 1)

Commitments (Note 8 and 10)

The financial statements were approved by the Board of Directors on August 28, 2024, and were signed on its behalf by:

"Stephen Keith"  
Stephen Keith, Director

"Mark Goodman"  
Mark Goodman, Director

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## UNAUDITED CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
<b>General and Administrative Expenses</b>				
General and administration	\$86,647	\$111,580	\$141,279	\$185,993
Investor relations	43,141	170,463	139,552	289,146
Management and Director fees (Note 13)	177,025	97,179	274,204	194,358
Consulting fees	92,269	-	92,269	-
Share-based compensation (Note 11)	-	401,400	-	636,800
Exploration costs	257	-	257	-
Net foreign exchange (gain) loss	-	-	-	-
Professional fees	75,543	40,002	102,842	75,609
<b>Operating loss for the year</b>	<b>(474,882)</b>	<b>(820,624)</b>	<b>(750,403)</b>	<b>(1,381,906)</b>
<b>Other income</b>				
Government Grant	225,000	-	225,000	-
Recovery of flow-through premium liability (Note 10)	118,257	12,047	160,287	83,417
Interest income	4,863	-	11,073	-
<b>Net loss and comprehensive loss for the year</b>	<b>(\$126,762)</b>	<b>(\$808,577)</b>	<b>(\$354,043)</b>	<b>(\$1,298,489)</b>
<b>Net loss per share for the year</b>				
Basic and diluted loss per share	<b>\$0.00</b>	<b>(\$0.01)</b>	<b>\$0.00</b>	<b>(\$0.01)</b>
Weighted Average Number of Shares Outstanding	174,370,587	105,355,845	143,435,006	87,905,001

# STERLING METALS CORP.

Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

	Number of shares outstanding	Share Capital	Warrants	Share Based Payment Reserve	(Deficit)	Total Equity
<b>Balance at January 1, 2023</b>	<b>69,760,259</b>	<b>\$37,912,174</b>	<b>\$11,213,271</b>	<b>\$15,980,757</b>	<b>(\$53,009,663)</b>	<b>\$12,096,539</b>
Shares and warrants issued on private placement (Note 11)	38,239,166	3,876,793	1,859,087	-	-	5,735,880
Issuance costs	-	(410,295)	(196,744)	-	-	(607,039)
Shares issued on warrant exercise (Note 11)	-	-	-	-	-	-
Issuance of broker warrants (Note 11)	-	-	161,497	-	-	161,497
Shares issued on property option acquisition (Notes 8,11)	4,500,000	765,000	-	-	-	765,000
Share-based compensation	-	-	-	636,800	-	636,800
Net loss and comprehensive loss for the period	-	-	-	-	(1,298,489)	(1,298,489)
<b>Balance at June 30, 2023</b>	<b>112,499,425</b>	<b>\$42,143,672</b>	<b>\$13,037,111</b>	<b>\$16,617,557</b>	<b>(\$54,308,152)</b>	<b>\$17,490,188</b>
<b>Balance at April 1, 2023</b>	<b>112,499,425</b>	<b>\$42,143,672</b>	<b>\$13,037,111</b>	<b>\$16,617,557</b>	<b>(\$54,308,152)</b>	<b>\$17,490,188</b>
Shares and warrants issued on private placement (Note 11)	38,239,166	3,956,944	1,778,936	-	-	5,735,880
Share issuance costs	-	(418,777)	(188,262)	-	-	(607,039)
Issuance of broker warrants	-	-	161,497	-	-	161,497
Share-based compensations - Issuance of share purchase options	-	-	-	34,900	-	34,900
Net loss and comprehensive loss for the period	-	-	-	-	(265,766)	(265,766)
<b>Balance at December 31, 2023</b>	<b>112,499,425</b>	<b>\$42,215,341</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,573,918)</b>	<b>\$22,549,660</b>
<b>Balance at January 1, 2024</b>	<b>112,499,425</b>	<b>\$42,215,341</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,573,918)</b>	<b>\$17,259,322</b>
Shares issued on property option acquisition (Notes 8,11)	108,087,669	5,944,822	-	-	-	5,944,822
Share-based compensation - Finder's fee (Notes 8, 11)	2,064,841	72,269	-	-	-	72,269
Share-based compensation - Optionholder payments (Notes 8, 11)	1,400,000	49,000	-	-	-	49,000
Net loss and comprehensive loss for the period	-	-	-	-	(354,043)	(354,043)
<b>Balance at June 30, 2024</b>	<b>224,051,935</b>	<b>\$48,281,432</b>	<b>\$12,965,442</b>	<b>\$16,652,457</b>	<b>(\$54,927,961)</b>	<b>\$22,971,370</b>

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Expressed in Canadian Dollars

## UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
<b>Operating activities</b>		
Net loss for the year	(\$354,043)	(\$1,298,489)
Add (deduct) non-cash items:		
Non-cash share-based compensation - consulting finders fee	\$72,269	636,800
Non-cash recovery of flow-through share premium liability (Note 10)	(160,287)	(83,417)
	(442,061)	(745,106)
<b>Net change in non-cash working capital</b>		
Change in sales tax receivable	10,068	13,321
Change in interest receivable	31,130	-
Change in prepaid expenses	78,920	(123,823)
Change in accounts payable and accrued liabilities	67,513	230,830
<b>Cash used in operating activities</b>	<b>(254,430)</b>	<b>(624,778)</b>
<b>Investing activities</b>		
Purchase of vehicle and equipment (Note 7)	(3,087)	(33,617)
Property rights, evaluation and exploration costs (Note 8)	(1,309,806)	(1,781,073)
Long-term deposits	-	-
<b>Cash used in investing activities</b>	<b>(1,312,893)</b>	<b>(1,814,690)</b>
<b>Financing activities</b>		
Issuance of common shares and warrants and share premium liability (Note 11)	-	6,476,664
Issuance costs allocated to shares and warrants (Note 11) and share premium liability (Note xx)	-	(523,939)
<b>Cash provided by financing activities</b>	<b>-</b>	<b>5,952,725</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>(1,567,323)</b>	<b>3,513,257</b>
Cash and cash equivalents at beginning	3,811,689	3,260,978
<b>Cash and cash equivalents at ending</b>	<b>\$2,244,366</b>	<b>\$6,774,235</b>
<b>Cash and cash equivalents consists of :</b>		
Cash	\$ 2,244,366	\$ 6,774,235
Cash equivalents	-	-
	\$ 2,244,366	\$ 6,774,235
<b>Supplementary Cash Flow Information</b>		
Issuance of 4,500,000 common shares on property option acquisition	\$ -	\$ 765,000
Issuance of 111,552,510 common shares on property option acquisition	\$ 6,066,091	\$ -
Accrued interest on GIC as of December 31, 2023 received January 15, 2024	\$ 31,130	\$ -
Interest received on GIC investment	\$ 4,863	\$ -
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Depreciation and amortization capitalized to mineral properties	\$ 19,923	\$ 16,578

**STERLING METALS CORP.**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024**

*Expressed in Canadian Dollars*

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

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**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 (formerly under the symbol LAT).

These unaudited condensed interim 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 \$403,043 for the six months ended June 30, 2024 (six months June 30, 2023: \$1,298,489). As of June 30, 2024, the Company had an accumulated deficit of \$54,976,961 (December 31, 2023: \$54,573,918). 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. On June 30, 2024, the Company had a total of \$2,440,501 of current assets and a working capital of \$1,898,923 and had flow through expenditure commitments of \$793,730 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 the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties 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 presentation**

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

The unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August 28, 2024.

**3) Material accounting policies**

These unaudited condensed interim 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.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2023.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**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 critical judgements 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 are further detailed in note 4 of the Company's audited financial statements for the year ended December 31, 2023.

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

New Standards Adopted in the Current Period

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2024, and have been adopted in preparing these financial statements. None of these had a material effect on the financial statements.

**6) Financial instruments and risk management**

**a) Fair value hierarchy**

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

The fair value 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's financial instruments include cash, accounts payable and accrued liabilities and are classified as Level 1. The carrying amounts approximate their fair values due to their short-term nature.

**b) Credit risk**

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. 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 entity's objective, policies, and processes for managing the risk.

**c) Interest rate risk**

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk. There have not been any changes in the exposures to risk or the Company's objectives, policies, and processes for managing risk.



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**d) Liquidity risk**

Liquidity risk management involves always maintaining sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The 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 June 30, 2024, the Company had positive working capital of \$1,898,923. 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 entity's objectives, policies, and processes for managing the risk.

**7) Vehicles and Equipment**

	Vehicles	Equipment	Total
<b>Cost</b>			
<b>Balance December 31, 2023</b>	\$ 93,545	\$ 75,263	\$ 168,808
Additions	-	3,087	3,087
Disposals	-	-	-
<b>Balance June 30, 2024</b>	<b>\$ 93,545</b>	<b>\$ 78,350</b>	<b>\$ 171,895</b>
<b>Accumulated Amortization</b>			
<b>Balance December 31, 2023</b>	\$ (44,177)	\$ (19,939)	\$ (64,116)
Amortization	(10,414)	(9,510)	(19,924)
Disposals	-	-	-
Additions	-	-	-
<b>Balance June 30, 2024</b>	<b>\$ (54,591)</b>	<b>\$ (29,449)</b>	<b>\$ (84,040)</b>
<b>Carrying Amounts</b>			
<b>At December 31, 2023</b>	49,368	55,324	104,692
<b>Balance June 30, 2024</b>	<b>\$ 38,954</b>	<b>\$ 48,901</b>	<b>\$ 87,855</b>

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**8) Property rights, evaluation and exploration assets**

	Sail Pond	Adeline	Copper Road	Total
<b>Carrying amount</b>				
<b>Balance January 1, 2023</b>	\$ 8,758,671	\$ -	\$ -	\$ 8,758,671
<b>Acquisitions</b>				
Cash	\$ -	\$ 400,000	\$ -	\$ 400,000
Common shares issued	-	765,000	-	765,000
<b>Exploration</b>				
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
<b>Balance December 31, 2023</b>	\$ 10,231,114	\$ 3,429,927	\$ -	\$ 13,661,041
<b>Acquisitions</b>				
Cash	\$ -	\$ 100	\$ 460,000	\$ 460,100
Common shares issued	-	-	5,993,822	5,993,822
<b>Exploration</b>				
Drilling	-	-	-	-
Field and administration	18,216	41,676	89,937	149,829
Geological and Geophysical services	24,500	212,239	453,664	690,403
Assays	6,301	3,173	-	9,474
Prospecting	-	-	-	-
Depreciation and amortization capitalized	3,064	11,523	5,336	19,923
<b>Balance June 30, 2024</b>	\$ 10,283,195	\$ 3,698,638	\$ 7,002,759	\$ 20,984,592

**Sail Pond Silver-Copper-Lead-Zinc Project**

On September 23, 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 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 was 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. On February 1, 2021, the Company issued an additional 606,061 common shares valued at \$200,000 to Altius in satisfaction of this commitment.

The Company has met the conditions under the property option purchase agreement and now holds a 100% interest in the project.

**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

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shares of the Company, to Chesterfield Resources Plc., and made an additional cash payment of \$300,000 to Chesterfield (Canada) Inc. On June 18, 2024 the Company completed the renegotiation of the option agreement and is required to pay \$200,000 in cash (paid July 4, 2024) and issue an additional 8,500,000 common shares to Chesterfield Resources Plc. (issued July 10, 2024) in order to acquire a 100% interest in the Adeline Copper-Silver Project.

#### Copper-Road Copper Project

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 of 108,087,669 common shares (the "Common Shares") in the capital of the Company (valued at \$5,944,822) which was equal to 49% of the issued and outstanding Common Shares immediately upon closing of the Transaction on May 10, 2024, 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 (paid May 10, 2024) upon closing of the Transaction. As of June 30, 2024, the Subsidiary held a 100% interest in the Copper Road Project, an exploration stage property that has been for as an asset acquisition by the Company. The Transaction was approved by shareholders of the Vendor on April 30, 2024 and approved by the TSX Venture Exchange on May and the approval of the shareholders of the Vendor (approval received April 30, 2024 by shareholder vote). The Company paid a finder's fee of 2,064,841 common shares valued at \$0.035 per share for a total of \$72,269 and issued 1,400,000 common shares valued at \$0.035 per share for a total of \$49,000 for option payments owed by Copper Road on certain mineral claims.

#### 9) Accounts payable and accrued liabilities

	June 30, 2024	December 31, 2023
Accounts payable	\$ 272,995	\$ 159,188
Accrued liabilities	32,008	78,302
<b>Total</b>	<b>\$ 305,003</b>	<b>\$ 237,490</b>

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**10) Flow-through share premium liability**

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

<b>Flow-Through Share Premium Liability</b>	
<b>Balance December 31, 2022</b>	<b>\$ 71,370</b>
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)
<b>Balance December 31, 2023</b>	<b>\$ 396,863</b>
Settlement of flow-through share premium liability on incurrence of eligible expenditures	(160,288)
<b>Balance June 30, 2024</b>	<b>\$ 236,575</b>

As of June 30, 2024, 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 received a grant of \$225,000 from the Government of Newfoundland & Labrador in May of 2024 for eligible expenditures incurred on its Adeline project in 2023. The Company must incur an additional \$793,730, inclusive of the grant money received, in eligible expenditures by December 31, 2024, to satisfy its expenditure renunciation commitments.

**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**

Six Months ended June 30, 2024

During the six months ended June 30, 2024, the Company issued 108,087,669 common shares valued at \$5,944,822 on the acquisition of the Copper Road project, issued 2,064,841 common shares valued at \$72,269 in lieu of a cash finder's fee on the acquisition of Copper Road and issued 1,400,000 common shares valued at 49,000 as payment in lieu of cash for option payments owed by Copper Road on certain mineral rights that were acquired by the Company.

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

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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:

Assumption	Warrants	Broker Warrants
	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%	103.52%
Warrant life in years	2.00	2.00

**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 six months ended June 30, 2024

No incentive stock options were granted.

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.

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.

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The weighted average assumptions used were as follows:

<b>Weighted Average</b>	<b>August 29, 2023</b>	<b>May 8, 2023</b>	<b>January 23, 2023</b>
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

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2024:

<b>Expiry date</b>	<b>Exercise Price</b>	<b>June 30, 2024 Outstanding</b>	<b>June 30, 2024 Exercisable</b>
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
		<b>8,455,000</b>	<b>8,455,000</b>

	<b>June 30, 2024</b>
The outstanding options have a weighted-average exercise price of:	\$0.16
The weighted average remaining life in years of the outstanding options is:	0.79

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

<b>Stock option activity</b>	<b>June 30, 2024</b>	<b>Weighted Average Exercise price</b>	<b>December 31, 2023</b>	<b>Weighted Average Exercise price</b>
<b>Balance – beginning</b>	10,580,000	\$0.19	2,870,000	\$0.43
Granted	-	-	8,455,000	\$0.16
Expired	(2,125,000)	\$0.32	(745,000)	\$0.78
<b>Balance – ending</b>	<b>8,455,000</b>	<b>\$0.16</b>	<b>10,580,000</b>	<b>\$0.19</b>

**d) Warrants**

The following table summarizes warrants outstanding on June 30, 2024:

<b>Date of Issuance</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>June 30, 2024 Outstanding</b>
April-17-2023	April-17-2025	\$0.25	38,239,166
April-17-2023	April-17-2025	\$0.15	1,775,834
			<b>40,015,000</b>

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	<b>June 30, 2024</b>
The outstanding warrants have a weighted-average exercise price of:	\$0.25
The weighted average remaining life in years of the outstanding warrants is:	0.80

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

	<b>June 30, 2024</b>	<b>Weighted Average Exercise price</b>	December 31, 2023	Weighted Average Exercise price
<b>Warrant activity</b>				
<b>Balance – beginning</b>	62,487,620	\$0.30	28,391,195	\$0.47
Issued on private placements	-	-	38,239,166	\$0.25
Issued to brokers	-	-	1,775,834	\$0.15
Expired	(22,472,620)	\$0.39	(5,918,575)	\$0.77
<b>Balance – ending</b>	<b>40,015,000</b>	<b>\$0.25</b>	62,487,620	\$0.30

**12) Capital management**

The Company's capital structure, as of June 30, 2024, consists of all components of shareholders' equity in the amount of \$22,971,370. 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 party transactions are summarized as follows:

Name and principal position	Year	Remuneration or fees <sup>(1)</sup>		Included in accounts payable <sup>(1)</sup>
			Share based compensation <sup>(1)</sup>	
Mathew Wilson, CEO - management fees <sup>2</sup>	2024	\$165,000	\$0	-
	2023	115,000	169,029	-
Dennis Logan, CFO - management fees <sup>2</sup>	2024	\$27,000	\$0	-
	2023	54,000	55,499	-
Jeremy Niemi, VP Exploration <sup>2,3</sup>	2024	\$105,000	\$0	-
	2023	90,000	41,195	-
Mark Goodman, Director - director fees	2024	\$3,000	\$0	\$3,000
	2023	-	-	-
Richard Patricio, Director - director fees	2024	\$9,000	\$0	-
	2023	12,000	55,499	-
Stephen Kieth, Director - director fees	2024	\$12,000	\$0	-
	2023	12,000	21,538	-

<sup>(1)</sup> Amounts disclosed were paid or accrued to the related party during the six months ended June 30, 2024 and 2023.

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

<sup>(3)</sup> Amounts paid have been capitalized to Property rights, exploration and evaluation assets.

**14) Segmented operations**

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

**15) Subsequent Events**

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On July 4, 2024 the Company paid \$199,900 in cash and on July 10, 2024 issued 8,500,000 common shares valued at \$0.08 per share totalling \$680,000 to exercise its option to acquire 100% of the Adeline Copper-Silver project from Chesterfield Resources LLP.