KWG RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

All of the information in the accompanying consolidated financial statements of KWG Resources Inc. is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where necessary, management has made judgments and estimates in preparing the consolidated financial statements and such statements have been prepared within acceptable limits of materiality.

Management maintains appropriate systems of internal control to give reasonable assurance that its assets are safeguarded and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with management and the external auditors to review the auditor's report and the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

A firm of independent Licensed Public Accountants was appointed by the shareholders to examine the consolidated financial statements and provide an independent professional opinion thereon. The external auditors have free and full access to the Audit Committee with respect to their findings regarding the fairness of financial reporting and the adequacy of internal controls.

Frank C. Smeenk
President & CEO

Thomas E. Masters
Chief Financial Officer

April 26, 2024

McGovern
Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of KWG Resources Inc.

Opinion

We have audited the consolidated financial statements of KWG Resources Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company has certain liabilities past due and its current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
mcgovernhurley.com
t. 416-496-1234

Key audit matters

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

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 risks 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 26, 2024

KWG RESOURCES INC.
Consolidated Balance Sheets

(in Canadian dollars)	Notes	As at December 31, 2023	As at December 31, 2022
ASSETS			
Current assets			
Cash	5	310,473	921,680
Receivables	6	60,928	423,329
Prepaid expenses		44,304	14,918
Total current assets		**415,705**	**1,359,927**
Non-current assets			
Cash surrender value of life insurance	7	116,473	68,684
Property and equipment	8	19,555	34,358
Total non-current assets		**136,028**	**103,042**
Total assets		**551,733**	**1,462,969**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables and provisions	11,21	4,512,691	3,545,265
Convertible debenture payable	12	1,048,358	931,452
Total current liabilities		**5,561,049**	**4,476,717**
Long-term liabilities			
Convertible debentures payable	12	790,939	-
Secured convertible promissory note payable	13	25,484,144	23,104,108
Loans payable	14	120,000	100,000
Total long-term liabilities		**26,395,083**	**23,204,108**
Total liabilities		**31,956,132**	**27,680,825**
Equity (Deficiency)			
Share capital	15	52,325,833	50,128,181
Debenture equity	12	6,090,487	5,865,293
Warrants	16	5,522,011	5,487,401
Contributed surplus		28,191,670	21,512,283
Accumulated other comprehensive (loss)		(72,118)	(72,118)
(Deficit)		(123,462,282)	(109,138,896)
Total equity (deficiency)		**(31,404,399)**	**(26,217,856)**
Total liabilities and equity (deficiency)		**551,733**	**1,462,969**

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 9, 12, 13 and 22)
Subsequent events (Note 27)

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors

Douglas Flett
Director

Frank Smeenk
Director

KWG RESOURCES INC.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2023 and 2022

(in Canadian dollars)	Notes	2023	2022
General and administrative	18	(4,669,060)	(4,192,888)
Amortization of property and equipment	8	(19,528)	(18,741)
Write down of intangible assets	10	(3,156)	(2,852)
Accretion expense	12,13,14	(2,499,213)	(843,270)
Stock-based compensation	17	(6,716,015)	-
Exploration and evaluation expenditures	9	(443,946)	(33,316,573)
Gain on foreign exchange		(1,262)	3,347
Loss before the undernoted		**(14,352,180)**	**(38,370,977)**
Other income (expenses)			
Other income		3,125	3,125
Write down of receivables		(64,331)	(107,812)
		(61,206)	**(104,687)**
Loss before income taxes		**(14,413,386)**	**(38,475,664)**
Deferred income tax recovery	19	90,000	3,206,311
Net loss for the year		**(14,323,386)**	**(35,269,353)**
Loss per share (basic and diluted)	20	**(0.01)**	**(0.02)**

The accompanying notes form an integral part of these consolidated financial statements.

KWG RESOURCES INC.
Consolidated Statements of Changes in Equity (Deficiency)
For the years ended December 31, 2023 and 2022

(in Canadian dollars)	Notes	Share capital	Debent-ure equity	Warrants	Contributed surplus	(Deficit)	Accumu-lated other compreh-ensive (loss)	Total
Balance, December 31, 2021		**41,173,915**	**4,386,636**	**2,453,299**	**23,959,015**	**(73,869,543)**	**(72,118)**	**(1,968,796)**
Net loss for the year		-	-	-	-	(35,269,353)	-	(35,269,353)
Exercise of warrants	16	261,841	-	(48,371)	-	-	-	213,470
Exercise of stock options	15	108,555	-	-	-	-	-	108,555
Conversion of debentures	12,15	7,934,080	(4,337,747)	705,668	(3,214,977)	-	-	1,087,024
Expired warrants	16	-	-	(768,245)	768,245	-	-	-
Issue of secured convertible promissory note	13	-	5,816,404	-	-	-	-	5,816,404
Issue of shares for interest on secured convertible promissory note	13,15	510,411	-	-	-	-	-	510,411
Issue of shares for exploration and evaluation projects	15	35,000	-	-	-	-	-	35,000
Issue of warrants for exploration and evaluation projects	16	-	-	3,076,572	-	-	-	3,076,572
Issue of shares for services rendered	15	22,857	-	-	-	-	-	22,857
Private placement	15	81,522	-	68,478	-	-	-	150,000
Balance, December 31, 2022		**50,128,181**	**5,865,293**	**5,487,401**	**21,512,283**	**(109,138,896)**	**(72,118)**	**(26,217,856)**
Net loss for the year		-	-	-	-	(14,323,386)	-	(14,323,386)
Exercise of stock options	15	80,628	-	-	(36,628)	-	-	44,000
Stock-based compensation	17	-	-	-	6,716,015	-	-	6,716,015
Issue of shares for interest on secured convertible promissory note	13,15	2,069,999	-	-	-	-	-	2,069,999
Issuance of convertible debentures	12	-	250,071	-	-	-	-	250,071
Issue of shares and warrants for finder's fees	12	47,025	(24,877)	34,610	-	-	-	56,758
Balance, December 31, 2023		**52,325,833**	**6,090,487**	**5,522,011**	**28,191,670**	**(123,462,282)**	**(72,118)**	**(31,404,399)**

The accompanying notes form an integral part of these consolidated financial statements.

KWG RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

(in Canadian dollars)	Notes	2023	2022
		$	$
Cash flows from operating activities			
Net (loss) for the year		(14,323,386)	(35,269,353)
Adjustments for			
Amortization of property and equipment	8	19,528	18,741
Accretion expense	12,13,14	2,479,213	826,604
Secured convertible promissory note issued for exploration and evaluation expenditures	13	-	33,000,000
Shares issued for exploration and evaluation expenditures	15	-	35,000
Shares issued for consulting fees	15	-	22,857
Stock compensation costs	17	6,716,015	-
Interest accrued on debenture	12	116,907	262,472
Interest paid by the issuance of shares	13,15	2,069,999	510,411
Convertible debentures issued for services	12,15	60,918	-
Accretion on loans		20,000	16,667
Write down of receivables	6	64,331	107,812
Deferred income tax recovery	19	(90,000)	(3,206,311)
Net change in non-cash working capital balances		1,275,782	1,175,975
Net cash used by operating activities		**(1,590,693)**	**(2,499,125)**
Cash flows from financing activities			
Proceeds from secured convertible promissory note	13	-	1,500,000
Proceeds from exercise of stock options	15,17	24,000	-
Proceeds from exercise of warrants	16	-	39,520
Proceeds from convertible debenture financing	12	1,008,000	108,555
Net cash provided by financing activities		**1,032,000**	**1,648,075**
Cash flows from investing activities			
Increase in cash surrender value of life insurance	7	(47,789)	(53,059)
Purchase of property and equipment	8	(4,725)	-
Net cash used by investing activities		**(52,514)**	**(53,059)**
Net change in cash and cash equivalents during the year		**(611,207)**	**(904,109)**
Cash and cash equivalents – beginning of the year		921,680	1,825,789
Cash and cash equivalents – end of the year	5	**310,473**	**921,680**
Change in non-cash working capital balances comprises:			
Receivables		18,070	(493,779)
Prepaid expenses		(29,386)	(14,918)
Trade and other payables		1,287,098	1,684,672
Net change in non-cash working capital balances		**1,275,782**	**1,175,975**
Additional information - non-cash transactions			
Issuance of shares and warrants for settlement of accounts payable	15	-	323,950
Issue of shares and warrants on conversion of convertible debenture	15	-	8,639,748
Issuance of convertible debentures for settlement of payables	12	80,590	-
Expired warrants included in contributed surplus	16	-	768,245

The accompanying notes form an integral part of these consolidated financial statements.

1 NATURE OF OPERATIONS AND GOING CONCERN

KWG Resources Inc. (“KWG” or the “Company”) is an incorporated entity domiciled in Canada. The Company’s registered office is located at 141 Adelaide St. West, Suite 240, Toronto, Ontario, M5H 3L5. KWG is involved in the acquisition, consolidation, exploration and evaluation of large-scale deposits of chromite and other base metals and minerals and in the development of such large-scale deposits including, where applicable, of transportation links to access the remote areas where these are located. It has interests in properties located in Canada. It also has interests in certain technology relating to the production of chromium iron alloys. It was incorporated under the laws of Quebec on August 21, 1937, and continued under the *Canada Business Corporations Act* effective June 15, 2016. Effective June 26, 2023, the Company commenced operating under the business name “The Canadian Chrome Company”.

The Company’s shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbols “CACR” (formerly “KWG”) for the Subordinate Voting Shares and “CACR.A” (formerly “KWG.A”) for the Multiple Voting Shares.

The Company is in the process of exploring its exploration and evaluation projects and has not yet determined whether its exploration and evaluation projects contain mineral deposits that are economically recoverable. The Company is also in the process of pursuing patents on its chromium alloy technology in several countries and preparing for the commercialization of that technology. The Company will periodically have to raise additional funds to continue its exploration and other activities and, while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Unless the holders of convertible debentures and a convertible promissory note issued by the Company exercise their conversion rights to convert such liabilities into equity, the Company will also have to raise additional funds to repay its debenture and promissory note obligations when they come due and, while convertible debentures have been converted into equity in the past, there can be no assurance that the holders of those compound financial instruments will convert into equity or that the Company will be able to raise sufficient additional funds in a timely way at the applicable times.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of the amounts expended on the Company’s exploration and evaluation projects is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of mining and processing facilities; fulfilling consultation obligations with Indigenous communities; obtaining certain government approvals; and attaining profitable production.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. The holding of mineral rights does not provide full rights to the surface of the lands over those mineral rights – such surface rights may be held or acquired by third parties. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, failure to complete assessment work and file reports in respect thereof and non-compliance

with regulatory and environmental requirements. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.
While the Company has been successful in moving its patent applications forward in some countries, that process is not yet complete; moreover, the Company has not yet achieved any commercial success with its technology. There is no assurance that such efforts will be successful or, if successful, will not subsequently be challenged and impugned.

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties and pursuit of its technology's patent applications. Because of continuing operating losses, a working capital deficit and certain liabilities being past due, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2 BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

These financial statements were approved by the board of directors for issue on April 26, 2024.

Basis of Measurement

The consolidated financial statements have been prepared under the historic cost convention, except for investments in equity securities which are measured at fair value. The methods used to measure fair values are discussed further in Note 23.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Canada Chrome Corporation, SMD Mining Corporation, Canada Chrome Mining Corporation, Ring of Fire Transportation & Utilities Inc., Muketi Metallurgical General Partner Inc. and Muketi Metallurgical KWG-Limited Partner Inc. All of the Company's subsidiaries are incorporated in Canada.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the KWG group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of KWG and all of its subsidiaries is the Canadian dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the consolidated statements of operations in "gain (loss) on foreign exchange".

Cash

Cash includes cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. As at December 31, 2023 and 2022, the Company did not have any cash equivalents.

Financial assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or

premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the consolidated statements of operations. Cash and receivables held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company does not have any financial assets classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, convertible debentures payable, loans payable and secured promissory note payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion expense in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Property and Equipment
(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in the consolidated statement of operations.

(ii) Amortization
Amortization is calculated as a function of the depreciable amount, which is the cost of an asset less its residual value.

Amortization is recognized through operations as follows over the estimated useful lives of each part of an item of property and equipment.

Amortization is computed using the straight-line method based on the following number of periods:

Automobiles	-	3 years
Computer equipment	-	3 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Impairment of Non-Financial Assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") (see definition below) is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the

smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Generally, a CGU is analogous to an individual project.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior periods.

Exploration and Evaluation Projects
Exploration and evaluation ("E&E") expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves and includes costs related to the following: acquisition of exploration rights; conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

E&E expenditures, including costs of acquiring licenses, are expensed as incurred as exploration and evaluation expenditures in the consolidated statements of operations.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in a project are demonstrable and permitted, additional E&E expenditures will be capitalized as assets and recorded in *Mine Property and Development Projects*. As at December 31, 2023 and 2022, the Company does not hold any assets classified as *Mine Property and Development Projects*.

Borrowing Costs
Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of operations in the period in which they are incurred.

Short-term Employee Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration or decommissioning in respect of land restoration, and the related expense, is recognized when the land is contaminated and there is a legal obligation to restore the site. The Company presently has no material decommissioning liabilities.

Finance Income
Finance income comprises interest income on marketable securities, fair value ("FV") gains of financial assets classified as FVPL, and flow-through premium. Interest income is recognized as it accrues through operations, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized through operations except to the extent that it relates to items recognized either in other comprehensive loss ("OCL") or directly in equity, in which case it is recognized in OCL or in equity respectively.

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

Deferred income tax provides 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 for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. 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 current tax liabilities and assets, 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.

Share Capital
Common shares
Common shares are classified as equity – the Company has two classes of common shares: Subordinate Voting Shares and Multiple Voting Shares. Incremental costs directly attributable

to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has financed a portion of its exploration and evaluation activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. Common shares issuances on a flow-through basis typically include a premium because of the tax benefits associated therewith (“Flow-through Premium”). Flow-through shares may also be issued with a warrant feature. At the time of issue, the Company estimates the proportion of proceeds attributable to the Flow-through Premium, the common share and the warrant with reference to closing market prices and such techniques as the Black-Scholes option-pricing model. The Flow-through Premium is estimated as the excess of the subscription price over the market value of a regular common share and estimated fair value of the warrant and is recorded as a separate liability which is included in trade and other payables on the consolidated balance sheets. The proceeds attributable to the warrants issued with exercise prices denominated in the Company’s functional currency are also treated as equity and recorded in warrants on the balance sheet until exercise, when the associated proportion is transferred to share capital along with the cash proceeds received on exercise. Upon expiry, the original fair value of the warrants is transferred to contributed surplus.

The effect of renunciation of the tax benefits to holders of such shares is recognized pro-rata with the associated expenditures being incurred by the Company. This could occur either before or after the formal renunciation of expenditures to the tax authorities have been made. When the eligible expenditures are incurred, the tax value of the renunciation is recorded as a deferred tax liability and charged against operations as a deferred tax provision.

Furthermore, as eligible expenditures are incurred, the Company recognises a pro-rata amount of the Flow-through Premium through “Finance income” in the consolidated statements of operations with a decrement to the liability on the consolidated balance sheet. Flow-through shares renunciations of expenditures are subject to the significant judgment of management in determining the eligibility of the expenditures incurred and are potentially subject to challenge by income tax authorities based on the nature of the amounts incurred. Management has taken and will continue to take actions to mitigate the risk of challenge, if any occurs. To the extent these are disallowed, the Company would generate additional tax attributes to assess for recognition in the financial statements. Additional costs may be incurred.

Share-Based Payment Arrangements

Stock Option Plan

The Company has a stock option plan (the “Stock Option Plan”) which is described in Note 17. All share-based awards made to employees and others providing similar services are recognized at the date of grant using a fair-value-based method to calculate compensation expense. Compensation expense is charged to operations over the vesting period of the options with a corresponding increase to contributed surplus. Stock options typically vest over an 18-month period. The fair values are determined at the grant date by applying the Black-Scholes option pricing model. Measurement inputs include share price on the measurement date, exercise prices, expected volatility based on available historical volatility of the Company’s share price, expected life, expected dividends, expected forfeiture rate and the risk-free interest rate. Under graded vesting the fair value of each tranche is recognized over its respective vesting period.

The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share-based payment arrangements in which the Company receives properties, goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value remains in contributed surplus.

Government assistance
Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the non-current assets in the consolidated balance sheet, and transferred to the consolidated statement of operations on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognized as a reduction of the related expenses over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated statement of operations in the period in which they become receivable.

Loss per Share
The Company presents basic and diluted loss per share ("LPS") data for its common shares (known as subordinated voting shares). Basic LPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of subordinated voting shares outstanding during the period (including deemed conversion of all multiple voting shares to subordinated voting shares). Diluted LPS is determined by adjusting the results of operations attributable to shareholders and the weighted average number of subordinated voting shares outstanding for the effects of all dilutive potential common shares, which comprise warrants, share options, convertible debentures, as well as deemed conversion of multiple voting shares and warrants and options thereon. Options, warrants and convertible debentures have a dilutive effect only when the average market price of underlying shares during the period exceeds the exercise price of the options or warrants.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is the fair

value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization on a straight-line basis over their useful lives and any accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of operations when the asset is derecognized.

Compound financial instruments (debentures and promissory note)
Compound financial instruments issued by the Company comprise convertible debentures and a secured convertible promissory note that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

When conversion of convertible debentures into shares is at the option of the Company, the liability component is recognized initially at the present value of the interest to be paid over the term of the debenture, discounted at the estimated interest rate of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The method of accounting for transaction costs and the subsequent measurement of the liability and equity components are the same as for the compound financial instruments described above.

Joint arrangements
Pursuant to IFRS 11, joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. Joint arrangements represent arrangements in which two or more parties have joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. Joint arrangements can be classified as either a joint operation or a joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method of accounting. Under the equity method, the Company's initial investment is recognized at cost and subsequently adjusted for the Company's share of the joint venture's income or loss, less distributions received.

Recent accounting pronouncements effective January 1, 2023
During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

Recent Account Pronouncements Effective January 1, 2024 and Beyond

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It is reasonably possible that, on the basis of existing knowledge, outcomes in the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of the asset or liability affected.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management has made a number of significant estimates and valuation assumptions based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions which include, but are not limited to, the following:

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The

Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Convertible debentures and promissory note
The classification of the Company's convertible debentures and promissory note require management to analyze the terms and conditions of the debentures and the promissory note and use judgment to assess whether these instruments are liability, equity, or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price.

The liability component of convertible debt instruments had been discounted using an estimated market rate of interest for similar instruments of debt having no conversion rights. Management has determined the market rate generally based on those of comparable entities. Such judgments are inherently uncertain and a change in the discount rate would significantly impact the allocation of the components of the convertible debt instruments.

Joint arrangements
Judgment is required to determine the type of joint arrangement that exists. This judgment involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Impairment of intangible assets
Management has assessed that there are indicators of impairment with regards to its intangible assets. As a result, these assets were written off during 2019 (Note 10).

Contingencies and commitments
Refer to Note 22.

5 CASH

	As at December 31, 2023	As at December 31, 2022
Bank balances	310,473	921,680
Cash	**310,473**	**921,680**

6 RECEIVABLES

	As at December 31, 2023	As at December 31, 2022
Sales taxes receivable	53,258	184,744
Other receivables	7,670	238,585
Receivables	60,928	423,329

7 CASH SURRENDER VALUE OF LIFE INSURANCE

The Company owns life insurance policies on the life of one of its officers with a total death benefit of $1,047,729 at December 31, 2023 (December 31, 2022 - $1,000,000). The insurer of these policies is Canada Life. As at December 31, 2023, these policies had a net cash surrender value equal to $116,473 (December 31, 2022 - $68,684) after deducting loans secured by the policies and accrued interest thereon totalling $121,371 (December 31, 2022 - $113,386).

8 PROPERTY AND EQUIPMENT

	Automobiles	Computer Equipment	Totals
Balance, December 31, 2021			
Cost	139,476	-	139,476
Accumulated amortization	(86,377)	-	(86,377)
Net book value	**53,099**	**-**	**53,099**
Amortization	(18,741)	-	(18,741)
Balance, December 31, 2022			
Cost	139,476	-	139,476
Accumulated amortization	(105,118)	-	(105,118)
Net book value	**34,358**		**34,358**
Additions	-	4,725	4,725
Amortization	(18,741)	(787)	(19,528)
Balance, December 31, 2023			
Cost	139,476	4,725	144,201
Accumulated amortization	(123,859)	(787)	(124,646)
Net book value	**15,617**	**3,938**	**19,555**

9 EXPLORATION AND EVALUATION PROJECTS

Cumulative costs relating to the acquisition of and expenditures on exploration and evaluation projects have been incurred as follows:

	Balance as at December 31, 2021	Current Expend-itures	Balance as at December 31, 2022
Canada – Ontario			
Spider No. 3 / McFaulds Lake (i)(ii)	4,188,377	-	4,188,377
Big Daddy (ii)	10,234,703	-	10,234,703
Diagnos (i)	178,014	-	178,014
Railroute Corridor (iii)	23,301,273	18,300	23,319,573
Black Horse Project (iv)	8,815,156	33,298,273	42,113,429
Hornby Property (v)	100,000	-	100,000
	46,817,523	33,316,573	80,134,096

	Balance as at December 31, 2022	Current Expend-itures	Balance as at December 31, 2023
Canada – Ontario			
Spider No. 3 / McFaulds Lake (i)(ii)	4,188,377	-	4,188,377
Big Daddy (ii)	10,234,703	-	10,234,703
Diagnos (i)	178,014	-	178,014
Railroute Corridor (iii)	23,319,573	-	23,319,573
Black Horse Project (iv)	42,113,429	443,946	42,557,375
Hornby Property (v)	100,000	-	100,000
	80,134,096	443,946	80,578,042

(i) The Company and Cliffs Chromite Far North Inc. ("Cliffs"), formerly Spider Resources Inc., have certain properties under a joint venture agreement. On May 15, 2006, the Company and Cliffs, agreed to amend and revise their joint venture agreement. The companies agreed to treat each project in their joint venture as a separate joint venture, to enable each company to either increase or decrease its interest in a project based upon their respective strategic objectives. The Company and Cliffs agreed to have their respective initial interest established at 50% in all the current projects of the joint venture.

Each party's interest is diluted by not contributing further to the other party's exploration program until its interest has reached 33 1/3%. At that level, a party's interest in a project may be maintained by contribution to subsequent programs, or suffer further dilution. When an interest has been reduced to less than 10%, it will be automatically converted to a 0.5% Net Smelter Royalty ("NSR") in base metals and a 1% NSR in precious metals and diamonds. As of December 31, 2023 and December 31, 2022, the Company held a 50% interest in these projects.

(ii) The Company owns a 30% interest in certain mining property claims contiguous to McFauld's Lake in Ontario.

(iii) During 2009, the Company commenced efforts to explore and develop a transportation link to the Company's properties in Northern Ontario in order to increase the economic viability of these properties. These operations entailed a detailed analysis of railroad route

alternatives, preliminary soils analysis and claim staking. Concurrent with this activity the Company was performing exploration activities on these claims.

During 2021, the Company engaged consultants to prepare design engineering feasibility proposals to construct an ore haulage system and electrical power transmission lines to the Ring of Fire and several contiguous remote communities.

(iv) On March 4, 2013, the Company signed an agreement with Bold Ventures Inc. ("Bold") to fund Bold as the operator to drill the Black Horse chromite discovery. The intent of the program is to determine whether this chromite mineralization occurs in sufficient quantity and quality to demonstrate the feasibility of mining it. Bold had entered into an option agreement (the "Fancamp Option") to acquire the Black Horse claims from Fancamp Exploration Ltd. ("Fancamp"). Under the Fancamp Option, Bold could earn up to a 100% working interest in the Black Horse property through a four-stage process. Bold could earn a 50% interest under the first stage by making option payments totalling $1,500,000 and incurring exploration expenditures of at least $8,000,000 over a 3-year period. The second stage provided for a further 10% interest that could be earned by Bold at any time by delivery of a positive feasibility study and by making a payment of $700,000 in cash and/or stock, at the option of Bold. Under the third stage, Bold could earn a further 20% interest by agreeing to pay Fancamp $15,000,000, payable in equal instalments, over three years with half of the amount payable in cash and the balance payable, at Bold's option, through the issuance of common shares of Bold, or its assignee, at the market price at the time the shares are issued. If the option under the third stage was exercised, the fourth stage would provide Bold with the option to acquire Fancamp's remaining 20% interest in exchange for a gross metal royalty. Fancamp would then be entitled to be paid 2% of the total revenue from the sale of all metals and mineral products from the property from the commencement of commercial production. Once all of the capital costs to bring the project to the production stage have been repaid entirely, the gross metal royalty could be scaled up to a maximum of 4% of the total revenue from the sale of all metals and mineral products from the property depending upon the price of product sold. The options under stages three and four must be exercised within 90 days following the date that Bold earns its 60% interest.

Under the terms of the agreement between KWG and Bold, KWG could acquire up to 80% of Bold's interest in the Fancamp Option, in respect of chromite only, by funding 100% of Bold's option payments and programs under the four stages listed above. For nickel and other non-chromite minerals identified during the exploration programs, the parties agreed to form a joint venture in which KWG has a 20% working interest of Bold's interest. KWG will have a right of first refusal to purchase all ores or concentrates produced by such joint venture whenever its joint venture interest exceeds 50%. Payments under the first stage in respect of the earn-in option total of $1,500,000 were to be made as follows: funding of $300,000 for a first program, $500,000 by February 7, 2014 and $700,000 by February 7, 2015 and in respect of the exploration expenditures totalling a minimum of $8,000,000 were to be made as follows: $3,000,000 payable upon closing, $2,000,000 by March 31, 2014 and $3,000,000 by March 31, 2015. The first option payment in the amount of $300,000 was paid in cash. The Company had the option of making future option payments by way of either cash or stock of the Company. On September 30, 2013, the Company served Bold with written notice that it intended to fund the remaining commitments under stage one, totalling $6,200,000, as required by this agreement. On February 7, 2014, the Company issued 10,000,000 common shares (now re-designated as

Subordinate Voting Shares) in satisfaction of the second option payment. On March 17, 2015, the Company issued 35,000,000 common shares (now re-designated as Subordinate Voting Shares) to Fancamp in satisfaction of the third option payment. At March 31, 2015, the Company had incurred exploration expenditures of $5,882,000 towards the $8,000,000 required under the option agreement. In consideration of a cash payment of $5,000, Bold agreed to extend the deadline by which the Company must incur the remaining $2,118,000 in exploration expenditures to September 30, 2015. On October 29, 2015, an agreement was reached with Bold and Fancamp to extend the deadline for a further one year to September 30, 2016 in exchange for KWG issuing 25,000,000 common shares (now re-designated as Subordinate Voting Shares) to Fancamp at a deemed value of $500,000, of which $300,000 would be credited as a reduction of the exploration expenditures under the agreements.

On October 24, 2016, Fancamp confirmed that KWG and Bold had met all of the conditions of the various agreements between the parties to vest a 50% interest and establish a joint venture for the Koper Lake Project under the terms of the option agreement with Fancamp. The parties agreed that the project would be renamed the Black Horse Project. Under the agreement between Bold and KWG, Bold is carried through the exploration stage for a 20% interest in KWG's interest in respect of chromite. Accordingly, of the 50% vested interest, KWG has 40% and Bold has 10% in respect of chromite. The option rights continued.

On October 14, 2016, the Company issued to Bold a convertible debenture of $267,858 and 5,000,000 common shares (now re-designated as Subordinate Voting Shares) in settlement of operator's fees owed to Bold under the earn-in option agreement between the parties on the Black Horse Project.

On September 1, 2022, KWG purchased of all of the rights, title and interest beneficially owned by Fancamp in and adjacent to the Black Horse mineral properties, comprised of four mining claims located within the Ring of Fire in the Province of Ontario.

For Fancamp's interest in the these properties plus a $1,500,000 cash payment from Fancamp, KWG delivered to Fancamp a Secured Convertible Promissory Note in the principal amount of $34,500,000 (Note 13); issued to Fancamp 4,044,453 consideration warrants (Note 16(i)) entitling Fancamp to purchase 4,044,453 Multiple Voting Shares ("MVS") at an exercise price of $4.6916 per MVS prior to September 1, 2023, $4.4783 per MVS from September 1, 2023 until August 31, 2024 or $4.2651 per MVS thereafter until the expiry date of September 1, 2027; and granted to Fancamp a 2.0% net smelter return royalty (one-quarter of which may be purchased by KWG at any time for $5,000,000 and the next one-quarter of which will be subject to a right of first refusal in favour of KWG) on any direct or indirect interest in the mining claims held by KWG on and after the closing date.

Bold waived its right of first refusal given to it pursuant to a joint venture agreement dated October 18, 2018 between Bold and Fancamp. KWG paid $10,000 and issued 1,000,000 Subordinate Voting Shares (Note 15(xiv)) to Bold as consideration for the waiver.

(v) On August 21, 2015, the Company issued 4,000,000 common shares (now re-designated as Subordinate Voting Shares) to MacDonald Mines Exploration Ltd. ("MacDonald") to acquire the Hornby Property claims. These claims adjoin the southerly boundary of the

Big Daddy property. The property is also adjacent to the Koper Lake property, which lies to the west of it. The shares were valued at the market value on that date of $0.025 per share, for a total consideration of $100,000. Under the terms of the agreement, MacDonald will retain a 2% NSR, half of which may be purchased by KWG for $1,000,000 at any time prior to production from the property. KWG will also have the first right to buy the balance of the NSR at any time the holder proposes to sell it.

10 INTANGIBLE ASSETS

On April 21, 2014, the Company signed an agreement to acquire 50% of the ownership rights in two United States provisional patent applications relating to the production of chromium iron alloys directly from chromite ore, and the production of low carbon chromium iron alloys directly from chromite concentrates (the "Chromium IP Transaction"). The Chromium IP Transaction includes the right to use these provisional patent applications as the basis for filing additional patent applications in the United States, Canada and elsewhere worldwide and includes a fifty-percent interest in any of the vendor's associated intellectual property (the "Chromium IP").

The parties' interests in the Chromium IP is held through a limited partnership (the "LP") established by the vendor and KWG for purposes of completing the Chromium IP Transaction and developing and exploiting the Chromium IP. The limited partners of the LP were a wholly-owned subsidiary of KWG and a corporation beneficially owned by the vendor. The general partner of the LP, which will manage the business of the LP, is another wholly-owned subsidiary of KWG.

The vendor assigned its 50% interest in the Chromium IP to the LP in exchange for 25,000,000 units of KWG with each unit comprising one common share (now re-designated as a Subordinate Voting Share) and one common share purchase warrant exercisable at a price of $0.10 for five years.

On June 25, 2015, the vendor assigned its remaining 50% interest in the Chromium IP to the LP in exchange for 25,000,000 units of KWG with each unit comprising one common share (now re-designated as a Subordinate Voting Share) and one common share purchase warrant exercisable at a price of $0.10 for five years.

All costs associated with this acquisition had been capitalized.

During 2018, patents were granted in Canada, the United States, Kazakhstan and South Africa to the Company. Patents have a life of 20 years.

Under IAS 38, the Company is required to prepare an impairment test each year to determine if the net realizable value of the intangible assets exceeds their carrying value. This test was carried out on December 31, 2019 and, as a result of this test, an impairment loss equal to the full carrying value of the intangible assets was recognized during 2019. These assets continue to have a nominal recoverable value as at December 31, 2023 and December 31, 2022.

11 TRADE AND OTHER PAYABLES AND PROVISIONS

	December 31, 2023	December 31, 2022
Trade payables	543,014	162,094
Accrued liabilities	3,969,677	3,383,171
	4,512,691	3,545,265

12 CONVERTIBLE DEBENTURES PAYABLE

(i) On October 3, 2017, the Company issued an unsecured convertible debenture for cash proceeds in the amount of $500,000. The debenture bears interest at 12% compounded annually and was due on October 3, 2019. Interest is payable in MVS issued at their volume-weighted average trading price on the ten trading days prior to payment. The principal may be converted by the holder at any time, in whole or in part, into units at a rate of $21 per unit, with each unit being comprised of four pre-subdivision MVS and two warrants, with each such warrant enabling its holder to acquire one further pre-subdivision MVS from treasury upon payment of $7.50 at any time within two years from the date of issuance of the debenture.

The value of the liability was determined by discounting the future interest payments until October 3, 2019, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The fair value of the conversion feature was determined to be $61,111 and was recorded in equity as “Debenture Equity”. The liability was accreted to its face amount over the term of the debenture. Interest expense of $116,906 (2022 - $86,663) has been accrued for the year ended December 31, 2023.

Immediately following the issuance of this debenture, the Company paid a premium to the holder consisting of 14,286 units at a deemed value of $7 per unit. Each unit was comprised of twelve MVS and six share purchase warrants, with each warrant enabling its holder to acquire one further MVS from treasury upon payment of $2.50 at any time within two years from the date of issuance of the debenture.

On December 20, 2019, the holder of this convertible debenture agreed to extend its maturity until March 26, 2021. The maturity date has not been further extended and is past due at December 31, 2023. This debenture is due and payable. As consideration for the extension, KWG distributed ferrochrome delivery warrants (“Delivery Warrants”) to the debenture-holder as an extension fee and amended the redemption amount due and bearing interest as of December 19, 2019 to $525,000. For each $35.00 principal amount of Convertible Debentures, the debenture-holder received one Delivery Warrant exchangeable for one tonne of warehoused ferrochrome. The terms of the Delivery Warrants provide that they may be tendered by their holders to receive ferrochrome from 1% of any future ferrochrome production from the Company’s chromite mineral interests in the Black Horse property, if and when produced. The Delivery Warrants expire on the earlier of (i) two years after notice from the Company that sufficient ferrochrome has been delivered to a warehouse to meet the delivery requirements for all outstanding Delivery Warrants and (ii) the date on which the Company ceases to have any interest in the Black Horse property. Management has estimated that these warrants have a nominal value at their date of issuance.

On December 31, 2023, the principal amount of $525,000 and accrued interest of $523,358 was due and payable. The principal is currently convertible at the option of the holder into

MVS at the rate of $1.75 for one MVS. The interest is payable in MVS issued at their volume-weighted average trading price on the ten trading days prior to payment.

(ii) On September 29, 2021, the Company issued a number of unsecured convertible debentures for cash proceeds in the amount of $3,268,555 and $142,102 to satisfy accounts payable amounts outstanding at the time, for an aggregate principal amount of $3,410,657 ($79,100 of which was owed to an entity controlled by an officer of the Company). The debentures earned interest at 12% compounded annually and were due on June 30, 2023. Interest was payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment was to be made either at the Company's option on 30 days' notice, by payment in cash (other than in the event of a conversion) or by the issuance of units at a deemed value of $5.00 per unit. Each unit was comprised of six MVS and three warrants enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023. The principal could be converted at the holder's option at any time or at the option of the Company after September 29, 2022 into units at a rate of $5 per unit, with each unit being comprised of six MVS and three warrants, with each such warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023. Finder's fees of $100,350 in cash were paid on this issuance.

The value of the liability was determined by discounting the future interest payments until June 30, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $2,764,308 and was recorded in equity. The liability was accreted to the total interest payable over the term of the debenture.

In November 2022, all of these debentures were converted into MVS and warrants – see Note 12(vi) below.

(iii) On October 7, 2021, the Company issued a number of unsecured convertible debentures for cash proceeds in the amount of $295,000 and $55,660 to satisfy accounts payable amounts outstanding at the time, for an aggregate principal amount of $350,660 ($55,660 of which was owed to a director). The debentures earned interest at 12% compounded annually and were due on June 30, 2023. Interest was payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment was to be made either at the Company's option on 30 days' notice, by payment in cash (other than in the event of a conversion) or by the issuance of units at a deemed value of $5.00 per unit. Each unit was comprised of six MVS and three warrants enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023. The principal could be converted at the holder's option at any time or at the option of the Company after September 29, 2022 into units at a rate of $5 per unit, with each unit being comprised of six MVS and three warrants, with each such warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023.

The value of the liability was determined by discounting the future interest payments until June 30, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $293,218 and was recorded in equity. The liability was accreted to the total interest payable over the term of the debenture.

In November 2022, all principal and interest of these debentures was converted into MVS and warrants – see Note 12(vi) below.

(iv) On October 22, 2021, the Company issued a number of unsecured convertible debentures for cash proceeds in the amount of $110,000 and $1,532,800 to satisfy accounts payable amounts outstanding at the time, for an aggregate principal amount of $1,642,800 ($1,397,800 of which was owed to directors and officers of the Company or entities controlled by such officer and directors). The debentures earned interest at 12% compounded annually and were due on June 30, 2023. Interest was payable concurrently with the payment of principal at the earliest of maturity, redemption or conversion, such payment was to be made either at the Company's option on 30 days' notice, by payment in cash (other than in the event of a conversion) or by the issuance of units at a deemed value of $5.00 per unit. Each unit was comprised of six MVS and three warrants, each such warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023 or on a change of control event. The principal could be converted at the holder's option at any time or at the option of the Company after September 29, 2022 into units at a rate of $15 per unit, with each unit being comprised of six MVS and three warrants, with each such warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023 or on a change of control event.

The value of the liability was determined by discounting principal and the future interest payments until June 30, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $1,349,882 and was recorded in equity. The liability was accreted to the total interest payable over the term of the debenture.

In November 2022, all principal and interest of these debentures was converted into MVS and warrants – see Note 12(vi) below.

(v) In addition to these debentures, the Company lent $2,000,000 to an arms' length entity which agreed to provide services to the Company, which entity then used those funds to subscribe for $2,000,000 of convertible debentures of the Company. In substance, this transaction has been accounted for as the issuance of an option to acquire shares of the Company at a fixed price, in exchange for services to be provided to the Company by this entity. The entity can acquire 133,333 units at a rate of $15 per unit, with each unit being comprised of six MVS and three warrants, with each such warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.20 at any time on or before December 15, 2023 or on a change of control event. The value of this option has been estimated at $3,214,977 using a valuation model based on the following assumptions: market value of $9.36 per unit, expected dividend yield of 0%, expected volatility of 175%, risk-free rate of return of 0.87% and a life of 2.15 years. The $2,000,000 loan receivable and $2,000,000 convertible debenture payable had been netted against each other in the consolidated statement of financial position as at December 31, 2021. In 2022, $2,000,000 of principal and all accrued interest of the convertible debenture was converted into 895,506 MVS and 447,753 warrants.

(vi) During 2022, convertible debentures issued in Notes 12 (ii), (iii), (iv) and (v) including accrued interest were converted into 2,413,734 MVS and 1,206,867 MVS Warrants, each such warrant exercisable at $3.20 per warrant to acquire one MVS until December 15, 2023.

(vii) On April 24, 2023, the Company issued a number of unsecured convertible debentures (the "Debentures") for cash proceeds in the amount of $879,000, $19,672 to satisfy accounts payable amounts outstanding at the time and $60,918 for services rendered, for an aggregate principal amount of $959,590. The debentures bear interest at 5% compounded annually and are due on April 24, 2026 or two business days after a change of control of the Company. Interest is payable annually, at the Company's option, in cash or in units at a value of $3.00 per unit, with each such unit comprised of one MVS and one warrant (a "Warrant") exercisable at $3.00 to purchase one MVS until the earlier of April 24, 2026 or two business days after a change of control. At any time prior to payment in cash, the principal of each Debenture can be converted at the option of the holder, in whole or in part, together with and accrued unpaid interest into units at a rate of $3.00 per unit, with each unit being comprised of one MVS and one Warrant. On maturity, the Company may pay the principal of the Debentures in cash or, at the Company's option, in replacement debentures having the same terms as the Debentures except (a) the maturity date of the replacement debentures will be the earlier of (i) two (2) years after the maturity date of the Debentures and (ii) two business days after a change of control of the Company, (b) the expiry date of the warrants comprising part of the units issuable for payment of interest or on conversion will be the maturity date of the replacement debentures, and (c) the conversion rate for the replacement debentures will be the lesser of (i) $3.00 per unit and (ii) the 30-day (ending on the maturity date of the Debentures) volume-weighted average trading price of the MVS and the Company's SVS on the Canadian Securities Exchange and any other securities exchange where such SVS and MVS are listed and posted for trading as of the maturity date of the Debentures (the SVS adjusted for the then applicable exchange ratio between SVS and MVS, currently 100 SVS for each MVS). In connection with the private placement, the Company paid finder's fees consisting of 16,800 MVS and 16,800 finder's warrants, each such finder's warrant entitling the holder to purchase one MVS for $3.00 at any time until the earlier of April 24, 2026 or two business days after a change of control of the Company.

The value of the liability was determined by discounting the principal and future interest payments until April 24, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $299,311 and was recorded in equity. The liability will be accreted to the total interest payable over the term of the debenture. Accretion expense of $89,138 has been recorded for these debentures for the year ended December 31, 2023.

(viii) On May 26, 2023, the Company issued a second tranche of Debentures for cash proceeds in the amount of $114,000. The Debentures bear interest at 5% compounded annually and are due on April 24, 2026 or two business days after a change of control of the Company. Interest is payable annually, at the Company's option, in cash or in units at a value of $3.00 per unit, with each such unit comprised of one MVS and one Warrant exercisable at $3.00 to purchase one MVS until the earlier of April 24, 2026 or two business days after a change of control. At any time prior to payment in cash, the principal of each Debenture can be converted at the option of the holder, in whole or in part, together with and accrued unpaid interest into units at a rate of $3.00 per unit, with each unit being comprised of one MVS and one Warrant. On maturity, the Company may pay the principal of the Debentures in cash or, at the Company's option, in replacement debentures having the same terms as the Debentures except (a) the maturity date of the replacement debentures will be the earlier of (i) two (2) years after the maturity date of the Debentures and (ii) two business days after a change of control of the Company, (b) the expiry date of the warrants comprising part of the

units issuable for payment of interest or on conversion will be the maturity date of the replacement debentures, and (c) the conversion rate for the replacement debentures will be the lesser of (i) $3.00 per unit and (ii) the 30-day (ending on the maturity date of the Debentures) volume-weighted average trading price of the MVS and the Company's SVS on the Canadian Securities Exchange and any other securities exchange where such SVS and MVS are listed and posted for trading as of the maturity date of the Debentures (the SVS adjusted for the then applicable exchange ratio between SVS and MVS, currently 100 SVS for each MVS).

The value of the liability was determined by discounting the principal and future interest payments until April 24, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $36,021 and was recorded in equity. The liability will be accreted to the total interest payable over the term of the debenture. Accretion expense of $8,916 has been recorded for these debentures for the year ended December 31, 2023.

(ix) On June 21, 2023, the Company issued a third tranche of Debenture for cash proceeds in the amount of $15,000. The debenture bears interest at 5% compounded annually and is due on April 24, 2026 or two business days after a change of control of the Company. Interest is payable annually, at the Company's option, in cash or in units at a value of $3.00 per unit, with each such unit comprised of one MVS and one Warrant exercisable at $3.00 to purchase one MVS until the earlier of April 24, 2026 or two business days after a change of control. At any time prior to payment in cash, the principal of the Debenture can be converted at the option of the holder, in whole or in part, together with accrued unpaid interest into units at a rate of $3.00 per unit, with each unit being comprised of one MVS and one Warrant. On maturity, the Company may pay the principal of the Debenture in cash or, at the Company's option, in a replacement debenture having the same terms as the Debenture except (a) the maturity date of the replacement debenture will be the earlier of (i) two (2) years after the maturity date of the Debenture and (ii) two business days after a change of control of the Company, (b) the expiry date of the warrants comprising part of the units issuable for payment of interest or on conversion will be the maturity date of the replacement debenture, and (c) the conversion rate for the replacement debenture will be the lesser of (i) $3.00 per unit and (ii) the 30-day (ending on the maturity date of the Debenture) volume-weighted average trading price of the MVS and the Company's SVS on the Canadian Securities Exchange and any other securities exchange where such SVS and MVS are listed and posted for trading as of the maturity date of the Debentures (the SVS adjusted for the then applicable exchange ratio between SVS and MVS, currently 100 SVS for each MVS).

The value of the liability was determined by discounting the principal and future interest payments until April 24, 2023, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The value of the residual was determined to be $4,740 and was recorded in equity. The liability will be accreted to the total interest payable over the term of the debenture. Accretion expense of $1,123 has been recorded for this debenture for the year ended December 31, 2023.

In addition to this debenture issuance the Company lent $1,300,000 to an entity which then used those funds to subscribe for $1,300,000 of convertible Debentures of the Company to be used to assist the Company with compensation payable for services provided to the Company.

In substance, this transaction has been accounted for as the issuance of an option to acquire shares of the Company at a fixed price, in exchange for services to be provided to the Company by this entity. The entity can acquire 433,333 units, having the same composition as those described above, at a price of $3 per unit. The value of this option has been estimated at $1,679,238 using a valuation model based on the following assumptions: market value of $4.63 per unit, expected dividend yield of 0%, expected volatility of 144%, risk-free rate of return of 4.31% and a life of 2.92 years. The $1,300,000 loan receivable and $1,300,000 convertible debenture payable have been netted against each other in the consolidated statement of financial position.

Changes in the Company's convertible debentures were as follows:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Opening balance	931,452	1,808,603
Issuance of new debentures	1,088,590	-
Allocation of equity portion	(340,072)	-
Allocation of finder's fees	(56,756)	-
Accretion and accrued interest	216,083	206,669
Converted to equity during the period	-	(1,083,820)
Ending balance	1,839,297	931,452
Less: current portion	1,048,358	931,452
Non-current portion	790,939	-

13 SECURED CONVERTIBLE PROMISSORY NOTE PAYABLE

On September 1, 2022, the Company issued a secured convertible promissory note in the principal amount of $34,500,000 to Fancamp for cash proceeds in the amount of $1,500,000 and Fancamp's interest in four mining claims located within the Ring of Fire in the Province of Ontario (Note 9(iv)). The promissory note bears interest at 6% compounded annually, is due on September 1, 2026 and, subject to obtaining any necessary consents, is to be secured by all of the assets of KWG and its subsidiaries (including all of its tangible and intangible personal property and all present and after-acquired personal property of KWG), subject to certain encumbrances. Interest is payable quarterly in arrears on the last day of each of the months of February, May, August and November, commencing on November 30, 2022 in cash or, at the option of KWG, in MVS issued at their volume-weighted average trading price on the five trading days prior to payment. The principal may be converted by the holder at any time, in whole or in part, into MVS for $4.6916 per share from the issue date to September 1, 2023; for $4.4783 per share from September 2, 2023 to September 1, 2024; or for $4.2651 per share from September 2, 2024 to the maturity date.

The value of the liability was determined by discounting the future interest payments until September 1, 2026, at a discount factor of 20% which was expected to estimate the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The fair value of the conversion feature was determined to be $5,816,404, net of deferred tax, and has been recorded in equity as "Debenture equity". The liability will be accreted to its face amount over the term of the promissory note.

On November 29, 2022, the Company issued 159,783 MVS in satisfaction of interest owing to that date in the amount of $510,411. On March 3, 2023, the Company issued 175,525 MVS in

satisfaction of interest owing to February 28, 2023 in the amount of $510,411. On May 31, 2023, the Company issued 208,259 MVS in satisfaction of interest owing to May 31, 2023 in the amount of $521,753. On August 31, 2023, the Company issued 227,343 MVS in satisfaction of interest owing to August 31, 2023 in the amount of $521,753. On November 30, 2023, the Company issued 332,313 MVS in satisfaction of interest owing to November 30, 2023 in the amount of $516,082. Additional interest expense of $175,808 (2022 - $175,808) has been accrued at December 31, 2023.

14 LOANS PAYABLE

In April 2020, the Company received two loans, each in the amount of $40,000, for a total of $80,000. Up to $20,000 of this amount will be eligible for loan forgiveness if $60,000 is fully repaid on or before January 18, 2024. If these loans are not repaid by January 18, 2024, they will be extended for an additional 3-year term bearing an interest rate of 5% per annum. These loans can be repaid at any time without penalty and no principal payments are required until December 31, 2026 when the full amount of these loans is due. Monthly interest must be paid during the additional 3-year term (Note 27(i)).

In December 2020, the Company received two additional loans, each in the amount of $20,000, for a total of $40,000. Up to $20,000 of this amount will be eligible for loan forgiveness if $20,000 is fully repaid on or before January 18, 2024. If these loans are not repaid by January 18, 2024, they will be extended for an additional 3-year term bearing an interest rate of 5% per annum. These loans can be repaid at any time without penalty and no principal payments are required until December 31, 2026 when the full amount of these loans is due. Monthly interest must be paid during the additional 3-year term (Note 27(i)).

15 SHARE CAPITAL

Authorized

An unlimited number of no par value Subordinate Voting Shares
An unlimited number of no par value Multiple Voting Shares
An unlimited number of Preference Shares issuable in series
An unlimited number of Special Shares issuable in series

Effective February 14, 2017, the Company reclassified its common shares as Subordinate Voting Shares and created an unlimited number of a new class of Multiple Voting Shares. One hundred (100) Subordinate Voting Shares are convertible at the option of any shareholder at any time into one Multiple Voting Share. Similarly, each one Multiple Voting Share is convertible at the option of any shareholder at any time into one hundred Subordinate Voting Shares. At all meetings of shareholders, shareholders are entitled to cast one vote for each one Subordinate Voting Share and to cast one hundred votes for each one Multiple Voting Share. Dividend and liquidation rights for each Multiple Voting Share are correspondingly one hundred times the dividend and liquidation rights for each Subordinate Voting Share. During the year ended December 31, 2023, 640,932 (year ended December 31, 2022 – 1,389,216) Multiple Voting Shares were converted into 64,093,200 (year ended December 31, 2022 – 138,921,600) Subordinate Voting Shares.

Issued

Changes in the Company's share capital were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Issued	**Number of Subordinate Voting Shares**	**Number of Multiple Voting Shares**	**Number of Subordinate Voting Shares**	**Number of Multiple Voting Shares**
Balance – beginning of year	1,182,088,332	8,105,664	1,030,269,327	5,889,497
Issued on conversion of debentures (xiii),(xv),(xviii),(xix),(xx),(xxii),(xxiii),(xxv)	-	-	-	3,309,240
Issued on exercise of warrants (ix),(xi),(xxi),(xxiv)	-	-	1,285,000	59,688
Issued on exercise of stock options (iii),(vii),(xvi),(xvii)	2,000,000	24,000	9,850,500	10,005
Issued through private placement (viii)	-	-	-	66,667
Issued for services rendered (x)	-	-	761,905	-
Issued for finder's fees (v)	-	16,800		
Issued for interest (i),(ii),(iv),(vi),(xii)	-	943,440	-	159,783
Issued for exploration and evaluation projects (xiv)	-	-	1,000,000	-
Converted during the year	64,093,200	(640,932)	138,921,600	(1,389,216)
Balance – end of year	**1,248,181,532**	**8,448,972**	**1,182,088,332**	**8,105,664**

(i) On November 30, 2023, the Company issued 332,313 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $516,082 on the secured convertible promissory note (Note 13).

(ii) On August 31, 2023, the Company issued 227,343 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $521,753 on the secured convertible promissory note (Note 13).

(iii) On July 24, 2023, 24,000 Multiple Voting Share Options were exercised at $1.00 each for a total cash of $24,000.

(iv) On May 31, 2023, the Company issued 208,259 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $521,753 on the secured convertible promissory note (Note 13).

(v) On April 24, 2023 and May 26, 2023, the Company issued a total of 16,800 Multiple Voting Shares for finder's fees related to the issuance of the convertible debentures (Note 12).

(vi) On March 3, 2023, the Company issued 175,525 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $510,411 on the secured convertible promissory note (Note 13).

(vii) On March 8, 2023, 20,000 Multiple Voting Share Options were exercised at $1.00 each for a total cash of $20,000. The optionee opted to immediately convert the Multiple Voting Shares into 2,000,000 Subordinate Voting Shares.

(viii) On December 30, 2022, the Company completed a non-brokered private placement of 66,667 “flow-through” units to a director of the Company at a price of $2.25 per unit for a total consideration of $150,000. Payment was by way of an offset against amounts owing to this director at the time. Each unit consisted of one “flow-through” Multiple Voting Share and one Multiple Voting Share purchase warrant which entitles the holder to purchase one Multiple Voting Share for $2.75 any time within five years of the date of issuance. The warrants were valued at $68,478 using a valuation model based on the following assumptions: market value of $1.25 per share, expected dividend yield of 0%, expected volatility of 115%, risk-free rate of return of 0.41% and a life of five years.

(ix) On December 14, 2022, 53,880 Multiple Voting Share Warrants were exercised by two directors of the Company at $2.50 each for a total consideration of $134,700. Payment was by way of an offset against amounts owing to these directors at the time.

(x) On December 1, 2022, the Company issued 761,905 Subordinate Voting Shares to a supplier in payment for services rendered. The market value of these shares was $0.03 per share at the time they were issued.

(xi) On December 1, 2022, 5,808 Multiple Voting Share Warrants were exercised by an officer of the Company at $2.50 each for a total cash of $14,520.

(xii) On November 29, 2022, the Company issued 159,783 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $510,411 on the secured convertible promissory note (Note 13).

(xiii) On November 2, 2022, the Company converted debentures with a principal amount of $5,862,054 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $576,164 using a valuation model based on the following assumptions: market value of $0.70 per share, expected dividend yield of 0%, expected volatility of 127%, risk-free rate of return of 3.93% and a life of 17.5 months.

(xiv) On September 2, 2022, the Company issued 1,000,000 Subordinate Voting Shares to Bold as consideration for delivering the signed waiver (Note 9(iv)). The market value of these shares was $0.035 per share at the time they were issued.

(xv) On August 15, 2022, the Company converted debentures with a principal amount of $150,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $14,514 using a valuation model based on the following assumptions: market value of $0.70 per share, expected dividend yield of 0%, expected volatility of 127%, risk-free rate of return of 3.93% and a life of 17.5 months.

(xvi) On July 26, 2022, 98,505 Multiple Voting Share Options were exercised at $1.00 each for a total cash of $98,505. The optionee opted to immediately convert the Multiple Voting Shares into 9,850,505 Subordinate Voting Shares.

(xvii) On July 24, 2022, 10,005 Multiple Voting Share Options were exercised at $1.00 each for a total cash of $10,005.

(xviii) In July 2022, the Company converted debentures with a principal amount of $265,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $21,587 using a valuation model based on the following assumptions: market value of $0.66 per share, expected dividend yield of 0%, expected volatility of 112%, risk-free rate of return of 3.24% and a life of 16.5 months.

(xix) On June 8, 2022, the Company converted debentures with a principal amount of $110,063 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $10,649 using a valuation model based on the following assumptions: market value of $0.70 per share, expected dividend yield of 0%, expected volatility of 127%, risk-free rate of return of 3.93% and a life of 17.5 months.

(xx) In June 2022, the Company converted debentures with a principal amount of $150,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $12,175 using a valuation model based on the following assumptions: market value of $0.66 per share, expected dividend yield of 0%, expected volatility of 112%, risk-free rate of return of 3.24% and a life of 17.5 months.

(xxi) On May 6, 2022, 500,000 Subordinate Voting Share Warrants were exercised at $0.05 each for a total cash of $25,000.

(xxii) In May 2022, the Company converted debentures with a principal amount of $392,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $31,415 using a valuation model based on the following assumptions: market value of $0.67 per share, expected dividend yield of 0%, expected volatility of 132%, risk-free rate of return of 1.83% and a life of 18.5 months.

(xxiii) In April 2022, the Company converted debentures with a principal amount of $450,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each

such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $35,791 using a valuation model based on the following assumptions: market value of $0.67 per share, expected dividend yield of 0%, expected volatility of 112%, risk-free rate of return of 3.24% and a life of 19.5 months.

(xxiv) On March 21, 2022, 785,000 Subordinate Voting Share Warrants were exercised at $0.05 each for a total consideration of $39,250 by a director of the Company. Payment was by way of an offset against amounts owing to this director at the time.

(xxv) In March 2022, the Company converted debentures with a principal amount of $25,000 plus accrued interest into units with a deemed value of $15 per unit. Each unit consisted of six Multiple Voting Shares and three Multiple Voting Share purchase warrants with each such warrant enabling its holder to acquire one further Multiple Voting Share from treasury upon payment of $3.20 at any time before December 15, 2023 or on a change of control event. The warrants were valued at $3,373 using a valuation model based on the following assumptions: market value of $0.66 per share, expected dividend yield of 0%, expected volatility of 132%, risk-free rate of return of 1.83% and a life of 20.5 months.

16 WARRANTS

Changes in the Company's outstanding share purchase warrants were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Issued	**Subordinate Voting Share Warrants**	**Multiple Voting Share Warrants**	**Subordinate Voting Share Warrants**	**Multiple Voting Share Warrants**
Balance – beginning of year	-	9,674,587	70,089,386	4,231,467
Expired during the year	-	-	(68,804,386)	(262,932)
Issued for finder's fees (Note 12(vii))	-	16,800	-	-
Issued on conversion of debentures (Note 15(xiii),(xv),(xviii),(xix),(xx), (xxii),(xxiii),(xxv))	-	-	-	1,654,620
Issued through private placement (Note 15(viii))	-	-	-	66,667
Issued for exploration and evaluation projects (Note 16(i))	-	-	-	4,044,453
Exercised during the year	-	-	(1,285,000)	(59,688)
Balance – end of year	**-**	**9,691,387**	**-**	**9,674,587**

(i) On September 1, 2022, the Company issued warrants to acquire 4,044,453 Multiple Voting Shares to Fancamp as partial consideration for the purchase of Fancamp's interests in the Black Horse project (Note 9(iv)). Each such warrant enables its holder to acquire one Multiple Voting Share from treasury upon payment of $4.6916 prior to September 1, 2023, $4.4783 from September 1, 2023 until August 31, 2024 or $4.2651 thereafter until the expiry date of September 1, 2027. The warrants were valued at $3,076,572 using a valuation model based on the following assumptions: market value of $3.00 per share, expected dividend yield of 0%, expected volatility of 126%, risk-free rate of return of 3.37% and a life of 5 years.

(ii) During 2021, the Company agreed to issue 120,961 finder's warrants to an individual who subsequently became a director of the Company. The finder's warrants were ultimately granted on March 21, 2022. Each such finder's warrant was exercisable into one Multiple Voting Share at an exercise price of $4.00 for a period of 5 years. The value of the warrants at December 31, 2021 was estimated to be $409,695 using a valuation model based on the following assumptions: market value of $4.00 per share, expected dividend yield of 0%, expected volatility of 133%, risk-free rate of return of 2.39% and a life of 5 years. This amount was recorded in stock-based compensation expense and contributed surplus in 2021. In November 2022, these warrants were cancelled and replaced with stock options (Note 17).

Outstanding Subordinate Voting Share purchase warrants entitle their holders to subscribe for an equivalent number of Subordinate Voting Shares. Outstanding Multiple Voting Share purchase warrants entitle their holders to subscribe for an equivalent number of Multiple Voting Shares. A summary of the Company's outstanding warrants as at December 31, 2023 is presented below:

Number of Multiple Voting Share Warrants	Exercise price $	Expiry date
76,740	3.20	March 2024
11,424	3.20	June 2024
45,144	3.20	August 2024
840,000	0.67	December 2025
2,935,539	3.20	March 2026
16,800	3.00	April 2026
1,654,620	3.20	September 2026
4,044,453	4.48	September 2027
66,667	2.25	December 2027
9,691,387		

On November 18, 2022, the Company extended the time to exercise warrants issued during 2019 and 2021 so that each such warrant will have a five-year term from the applicable warrant's original date of issuance. 80,592 warrants had their expiry date extended to March 2024; 11,424 warrants had their expiry date extended to June 2024; 45,144 warrants had their expiry date extended to August 2024; and 2,959,863 warrants had their expiry date extended to March 2026.

The term for 1,654,620 warrants was extended to September 2026 during 2023.

17 STOCK OPTION PLAN AND OTHER SHARE-BASED PAYMENTS

The Company maintains a stock option plan (the "Plan") whereby the Board of Directors may from time to time grant to employees, officers, directors and consultants of the Company or any subsidiary thereof options to acquire common shares (now re-designated as Subordinate Voting Shares) as may be determined by the Board, provided that the exercise price may not be lower than the market price of the Subordinate Voting Shares at the time of the grant of the options.

On February 7, 2023, the Company amended its stock option plan to change the plan from a "rolling up to 10%" stock option plan, whereby the number of options that may be granted under the plan at any time is restricted to up to 10% of the number of Subordinate Voting Shares of the Company outstanding at the time of such grant (calculated on the basis that all Multiple Voting Shares then outstanding being deemed to be converted into Subordinate Voting Shares) to a "fixed up to 20%" stock option plan, whereby the maximum number of options that may be granted under the plan is fixed at 20% of the number of Subordinate Voting Shares of the Company outstanding at the "shareholder approval date" (calculated on the basis that all Multiple Voting Shares then outstanding being deemed to be converted into Subordinate Voting Shares), with "shareholder approval date" meaning the date on which the shareholders of the Company most recently approved the plan or any amendment, renewal or extension of the plan. As at the shareholder approval date of February 7, 2023, the maximum number of options that may be granted under the plan is fixed at 398,530,960 Subordinate Voting Shares, being 20% of the number of Subordinate Voting Shares of the Company outstanding on that date (calculated on the basis that all Multiple Voting Shares then outstanding being deemed to be converted into Subordinate Voting Shares) or, alternatively, 3,985,310 Multiple Voting Shares (calculated on the basis that all Subordinate Voting Shares then outstanding being deemed to be converted into Multiple Voting Shares).

Options vest immediately upon issue. Options granted must be exercised over a period no longer than five years after the date of grant, and they are not transferable. A summary of changes in the Company's stock options outstanding is presented below:

Subordinate Voting Share Options

	Year ended December 31, 2023		Year ended December 31, 2022	
	Number of Subordinate Voting Shares	**Average exercise price**	**Number of Subordinate Voting Shares**	**Average exercise price**
Balance – beginning of year	-	-	33,700,000	0.05
Expired	-	-	(33,700,000)	(0.05)
Balance – end of year	**-**	**-**	**-**	**-**

Multiple Voting Share Options

	Year ended December 31, 2023		Year ended December 31, 2022	
	Number of Multiple Voting Shares	**Average exercise price $**	**Number of Multiple Voting Shares**	**Average exercise price $**
Balance – beginning of year	1,147,312	1.66	1,134,861	1.43
Issued during the year (Note 16(ii))	2,096,100	2.88	120,961	3.20
Exercised during the year	(44,000)	1.00	(108,510)	1.00
Expired during the year	(149,961)	3.16	-	-
Balance – end of year	**3,049,451**	**2.44**	**1,147,312**	**1.66**

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

Outstanding options		
Exercise price	**Number of Multiple Voting Share options**	**Average contractual life (in years)**
1.00	685,900	2.08
2.65	296,451	2.46
2.65	550,000	4.49
2.85	360,000	4.11
3.00	1,157,100	4.16

Total share-based compensation costs for the year ended December 31, 2023 amounted to $6,716,015 (2022 – $nil).

The fair value of the options granted in 2023 was estimated using the Black-Scholes option pricing model based on the following assumptions:

	February 8, 2023	**February 28, 2023**	**June 29, 2023**
Market value per share	$2.85	$2.90	$2.65
Expected dividend per share	Nil	Nil	Nil
Expected volatility	125%	125%	125%
Risk-free interest rate	3.16%	3.54%	3.78%
Life of the options granted	5 years	5 years	5 years
Estimated fair value of each option granted	$2.43	$2.46	$2.26

Expected volatility is based on the Company's historical share price.

18 GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses consist of the following:

Years ending December 31	**2023**	**2022**
Advertising and promotion	7,864	35,289
Consultants' fees	892,350	1,654,757
Directors' fees and insurance	131,532	101,938
Filing fees	29,557	38,757
Interest	2,186,919	772,883
Investor relations fees	97,719	26,848
Professional fees	661,421	876,991
Office overheads	162,092	163,233
Salaries and benefits	457,958	449,036
Travel and accommodation	41,648	73,156
	4,669,060	4,192,888

19 INCOME TAXES

Provision for Income Taxes

A reconciliation between tax expense and the product of accounting loss multiplied by the Company's combined federal and provincial tax rate is as follows:

	2023	2022
Statutory tax rate	26.50%	26.50%
Loss before deferred income taxes	(14,413,386)	(35,269,353)
Expected income tax recovery based on statutory rate	(3,820,000)	(9,346,000)
Adjustments to expected income tax benefit:		
Stock-based compensation	1,780,000	-
Non-deductible items	(463,000)	263,000
Convertible promissory note	(90,000)	(3,206,311)
Change in benefits not recognized	2,503,000	9,083,000
Deferred income tax porvision (recovery)	(90,000)	(3,206,311)
Deferred tax recognized directly inequity	90,000	3,206,311
Tota taxation	-	-

Deferred Income Taxes

The following deferred tax assets and liabilities have been recognized:

	2023	2022
Non-capital losses	2,465,000	3,020,000
Convertible debentures and convertible promissory note	(2,465,000)	(3,020,000)
Total	-	-

Deferred income taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Unrecognized deferred tax assets	2023	2022
Non-capital loss carry-forwards	24,357,000	15,003,000
Capital loss carry-forwards	65,826,000	65,826,000
Exploration and evaluation assets	80,744,000	80,709,000
Property and equipment	2,636,000	2,621,000
Financing costs	105,000	60,000
	173,668,000	164,219,000

The tax losses expire from 2031 to 2043. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company and its subsidiaries will be able to utilize the benefits.

20 LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

Years ended December 31	2023	2022
Weighted average number of outstanding Subordinate Voting Shares (*) – basic and diluted	2,033,337,054	1,708,463,296
Net loss for the year	(14,323,386)	(35,269,353)
Loss per Subordinate Voting Share for the year		
Basic and diluted	(0.01)	(0.02)

Note: (*) *including the effect of converting all outstanding Multiple Voting Shares to Subordinate Voting Shares on the basis of 100:1*

	2023	2022
Non-dilutive securities:		
Convertible debentures:		
Multiple Voting Shares	697,8339	480,646
Multiple Voting Share Warrants	425,133	150,000
Secured convertible promissory note:		
Multiple Voting Shares	7,778,628	7,431,704
Multiple Voting Share Stock Options	3,049,451	1,147,312
Multiple Voting Share Warrants	9,691,387	9,674,587

21 RELATED PARTY TRANSACTIONS

The Company defines its officers (CEO, CFO and corporate secretary) and directors as Key Management Personnel ("KMP"). During 2023, officers and companies controlled by officers charged consulting fees for cash consideration of $1,334,471 ($1,564,289 in 2022) and salaries in the amount of $640,000 ($632,558 in 2022). The consulting fees were for services performed by the corporate secretary, the president, a director and the CFO as well as for general accounting services. Directors' fees charged in 2023 totalled $118,000 ($88,000 in 2022). See also Note 12 (ii),(iii),(iv),(vii),(viii),(ix) and Note 15(viii),(ix),(xi),(xvi). Amounts owing to directors and officers as at December 31, 2023 totalled $2,548,532 ($1,538,577 at December 31, 2022). At December 31, 2023, the CEO owed the Company $7,359 ($238,275 at December 31, 2022) for advances against his salary. Amounts receivable/payable are unsecured, non-interest bearing and have no fixed terms of repayment. KMP did not exercise any stock options or warrants in 2023 (98,505 stock options and 59,688 warrants exercisable for Multiple Voting Shares in 2022). In 2023, stock compensation expenses totalled $3,187,643 for KMP ($nil in 2022). See also Note 22(i) and (iv).

22 COMMITMENTS AND CONTINGENCIES

(i) Under the terms of an employment agreement with the Company's CEO dated October 8, 2008, in the event of a change in control of the Company and the CEO's employment is involuntarily terminated within three years following the change in control, the Company shall pay the CEO an amount equal to three times his then-current base salary and three times his annual bonus most recently paid or accrued along with any unpaid salary and vacation pay. The total commitment for the CEO's agreement along with certain other management contracts require payments totaling approximately $1,490,000 upon termination. On a change of control, minimum payments range from $1,525,000 to $1,875,000 plus amounts calculated based on the share price of the Company and changes in the share price of the Company. As the triggering events have not taken place, the contingent payments have not been reflected in these consolidated financial

statements. Minimum amounts due in one year under these contracts total approximately $600,000.

(ii) The Company and its subsidiary, Canada Chrome Corporation ("CCC"), entered into an agreement in January 2021 with the President and Chief Operating Officer of CCC whereby he may, over the two-year term of the agreement, earn $70,000 per month which monthly salary may, at his option, be tendered for 1/24th of a 10% interest in CCC, for the purpose of which the total value of CCC was deemed to be $16.8 million. Alternatively, all or any part of any unpaid salary may be tendered by him for payment in Multiple Voting Shares of the Company at $1.00 per share at any time on or before January 18, 2024. An aggregate of 1,680,000 Multiple Voting Shares have been reserved by the Company for issuance for this contingency (Note 27(ii))

(iii) The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(iv) The Company renounced $420,000 of qualifying exploration expenditures to a director effective December 31, 2020. Under the "look back" provision governing flow-through shares, this amount was fully spent by the end of 2022.

(v) The Company renounced $150,000 of qualifying exploration expenditures to a director effective December 31, 2022. Under the "look back" provision governing flow-through shares, this amount was fully spent by June 30, 2023. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

(vi) The Company has entered into certain agreements which subject certain future transactions to finder's fees.

(vii) The Company has entered into certain agreements which contain break fees that could become payable by the Company. The amount of any such amount would be determined at the time. The Company has the option to make any such payment in shares.

23 FINANCIAL INSTRUMENTS AND FAIR VALUES

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board fulfils its responsibility through the Audit Committee, which is responsible for overseeing the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has an established code of conduct which sets out the control environment within which framework all directors' and employees' roles and obligations are outlined.

The Company's risk and control framework is facilitated by the small-sized and hands-on executive team.

Credit Risk

Credit risk is the risk of an unexpected financial loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, receivables and marketable securities.

(i) Cash

The Company's cash is held through large Canadian financial institutions. The Company has a corporate policy of investing its available cash in Canadian government instruments and certificates of deposit or other direct obligations of major Canadian banks, unless otherwise specifically approved by the Board. The Company does not own asset-backed commercial paper.

(ii) Receivables

The Company's receivables consist primarily of receivables and amounts due from related and unrelated parties. When necessary, the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables.

Furthermore, when the Company engages in corporate transactions, it seeks to manage its exposure by ensuring that appropriate recourse is included in such agreements upon the counterparty's failure to meet contractual obligations.

(iii) Marketable Securities

The Company invests only in securities of companies listed on public stock exchanges and warrants of those companies. There is no active market for these warrants. Such strategic investments are approved by the Board of Directors of the Company. Management actively monitors changes in the markets and management does not expect any counterparty to fail to meet its obligations. The Company's investments are generally in the junior natural resources sector and these companies are subject to similar areas of risk as the Company itself.

(iv) Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or under business arrangements where the benefit of the guarantee will enure to the Company. At December 31, 2023, the Company had $nil in guarantees outstanding (2022 - $nil).

The Company's maximum exposure to credit risk at the reporting date was:

	Notes	December 31, 2023	December 31, 2022
Carrying amount			
Cash	5	310,473	921,680
Receivables	6	60,928	423,329
		371,401	1,345,009

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking undue damage to the Company's reputation.

The Company's objective is to maintain sufficient capital in order to meet short-term business requirements after taking into account cash flows from operations and the Company's holdings of cash and marketable securities. This is accomplished by budgets and forecasts which are updated on a periodic basis to understand future cash needs and sources. Spending plans are adjusted accordingly when possible to provide for liquidity.

The Company manages its liquidity risk through the mechanisms described above and as described in Capital Management Disclosures (Note 25). The Company has historically relied on issuances of shares and convertible debenture instruments to develop projects and to finance day-to-day operations and may do so again in the future.

At December 31, 2023, the Company's significant long-term liabilities consist of its secured convertible promissory note payable with a fixed maturity date of September 1, 2026 and a fixed annual interest rate of 6% and its convertible debentures payable, such debentures were issued in three series with fixed maturity dates of April 24, 2026, and each of which has a fixed annual interest rate of 5%. All other contractually obligated cash flows are payable within the next fiscal year.

As at December 31, 2023 and 2022, the undiscounted contractual maturities of the Company's non-derivative financial liabilities were as follows:

	1 year	2-3 years	4-5 years
December 31, 2023			
Trade and other payables and provisions	4,512,691	-	-
Convertible debentures	1,048,358	1,088,590	-
Secured convertible promissory note payable	-	34,500,000	-
Loans payable	-	120,000	-
Total	5,561,049	35,708,590	-

	1 year	2-3 years	4-5 years
December 31, 2022			
Trade and other payables and provisions	3,545,265	-	-
Convertible debentures	931,452	-	-
Secured convertible promissory note payable	-	-	34,500,000
Loans payable	-	120,000	-
Total	4,476,717	120,000	34,500,000

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases and other payables that are denominated in a currency other than the functional currency of the Company; the Canadian dollar. The currencies in which these transactions are denominated, when they occur, are the United States dollars (US$). The Company does not actively hedge its foreign currency exposure. A 10% strengthening or weakening of the US$ would not have a material impact on the Company's equity or results of operations.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt, comprised of convertible debentures payable is at a fixed rate of interest. Consequently, the Company is not exposed to any significant interest rate risk which could be caused by a sudden change in market interest rates.

Other Market Price Risk
The Company's marketable securities and strategic investments are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments.

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Historically, such prices have fluctuated and are affected by numerous factors outside of the Company's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures. The Company does not currently have any hedging or other commodity-based risks respecting its operations. The value of the Company's strategic investments is also related to the price of, and outlook for, base and precious metals and other minerals.

24 DETERMINATION OF FAIR VALUES

Measurement Categories
As explained in Note 3, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of operations or comprehensive loss. Those categories are: fair value through profit or loss; fair value through other comprehensive income; and amortized cost.

The following table shows the carrying values of financial assets and liabilities for each of these categories at the reporting date.

	Notes	December 31, 2023	December 31, 2022
Assets			
Amortized cost			
Cash	5	310,473	921,680
Receivables	6	60,928	423,329
Liabilities			
Amortized cost			
Trade and other payables and provisions	11	4,512,691	3,545,265
Convertible debentures	12	1,839,297	931,452
Secured convertible promissory note	13	25,484,144	23,104,108
Loans payable	14	120,000	100,000

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The fair value of the convertible promissory note and the convertible debentures as at December 31, 2023 approximates their fair value as the estimated market discount rate has not changed significantly since their issuance.

(i) Marketable securities

The fair value of marketable securities included is determined by reference to their quoted market closing bid price at the reporting date.

Fair Value Hierarchy

The different levels of valuation are defined as follows:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

As at both December 31, 2023 and 2022, the Company did not hold any financial instruments carried at fair value.

(ii) Receivables

The fair value of receivables is estimated at their book value due to their short-term nature. Receivables are generally due within 30 days.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes and approximates the carrying value of trade and other payables due to their short-term nature, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

25 CAPITAL MANAGEMENT DISCLOSURES

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued project development and corporate activities. Capital is defined by the Company as the aggregate of its shareholders' equity (deficiency). Shareholders' deficiency totalled $31,404,399 at December 31, 2023 and $26,217,856 at December 31, 2022.

The Company manages its capital structure and makes adjustments to it based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful. In order to achieve these objectives, the Company invests its unexpended cash in highly-liquid, rated financial instruments. There were no changes in the Company's approach to capital management during years ended December 31, 2023 and 2022. The Company is not subject to externally imposed capital requirements.

26 SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the way in which the Company's executive officers review business performance on a quarterly basis. The Company's operations comprise a single reporting operating segment engaged principally in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

27 SUBSEQUENT EVENTS

(i) The Company did not repay the loans payable (Note 14) by January 18, 2024. As a result, they have automatically been converted to term loans bearing interest at 5%, payable monthly, with the principal due on December 31, 2026.

(ii) On January 19, 2024, the Company amended its agreement with the President and Chief Operating Officer of CCC (Note 22(ii)) as follows:

- (a) he will continue as the sole director of CCC.
- (b) his right to tender unpaid compensation to CCC in exchange for up to 244,400 CCC shares will be extended to the following expiry dates:
  - (i) in respect of $800,000 of compensation earned by him in 2021, the expiry date will be the earliest of December 31, 2024, a change of control of CCC or a change of control of KWG; and
  - (ii) in respect of $880,000 of compensation earned by him in 2022 and January 2023, the expiry date will be the earliest of December 31, 2025, a change of control of CCC or a change of control of KWG; and
- (c) In the event that he tenders unpaid compensation to CCC and receives CCC Shares in exchange therefor:
  - (i) he shall have the right, exercisable on or before the applicable expiry date for acquiring such CCC Shares, to tender such CCC Shares to KWG and receive 6.874 MVS at a deemed price of $1.99 per MVS in exchange for each CCC share tendered by him; and
  - (ii) KWG will have the right to tender 6.874 MVS to him at a deemed price of $1.99 per MVS in exchange for each CCC share held by him. A total of 1,680,000 MVS are issuable pursuant to the foregoing tender rights and have been reserved for issuance in respect thereof.

(iii) On February 29, 2024, the Company issued 344,100 Multiple Voting Shares to Fancamp in satisfaction of interest owing in the amount of $516,082 on the secured convertible promissory note (Note 13).

(iv) On March 15, 2024, 76,740 Multiple Voting Share Warrants expired unexercised.

(v) On April 24 2024, the Corporation paid the first annual interest payment on convertible debentures issued in 2023. An annual interest payment of $108,511.72 was due on April 24, 2024, the first anniversary of the date of first issuance of series CD 2023 convertible debentures. In accordance with the terms of the debentures, the Corporation elected to pay the interest instalment by issuance of an aggregate of 36,166 units (each, a “Unit”) at a deemed value of $3.00 per Unit, with each Unit being comprised of one MVS and one share purchase warrant (a “Warrant”), each such Warrant enabling its holder to acquire one further MVS from treasury upon payment of $3.00 at any time on or before the earlier of April 24, 2026, or two business days after a change of control of the Corporation as set out in the convertible debentures (Note 12).