C2C Gold Corp.

(An Exploration Stage Company)

Financial Statements

Years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of C2C Gold Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of C2C Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of operating cash flow and operations have been funded primarily from the issue of share capital. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain additional capital. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 2(f) – Accounting policy Exploration and evaluation assets, note 3 – Critical accounting estimates and judgements, and note 9 Exploration and evaluation assets Management assesses at each reporting period whether there is an indication that the carrying value of exploration	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.

and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

Vancouver, BC, Canada
May 1, 2023

C2C Gold Corp.

Statements of Financial Position
As at December 31, 2022 and 2021
(Expressed in Canadian Dollar)

	Notes		December 31, 2022		December 31, 2021
Assets					
Current assets					
Cash and cash equivalents		$	158,128	$	296,418
Accounts receivable	6		106,987		283,652
Prepaid expenses and deposits			26,345		186,322
Marketable securities	5		77,000		90,000
			368,460		856,392
Reclamation bonds	7		124,296		69,250
Equipment	8		16,960		26,212
Exploration and evaluation assets	9		12,898,716		9,808,304
		$	**13,408,432**	**$**	**10,760,158**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities		$	429,849	$	495,439
Due to related party	12		30,540		22,177
			460,389		517,616
Shareholders' equity					
Share capital	10		29,783,023		26,389,858
Contributed surplus	11		4,799,155		4,265,094
Deficit			(21,634,135)		(20,412,410)
			12,948,043		10,242,542
		$	**13,408,432**	**$**	**10,760,158**

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

Approved by the board of directors:

"Trey Wasser" Director

"Peter Bures" Director

See accompanying notes to the financial statements

C2C Gold Corp.
Statements of Income (Loss) and Comprehensive Income (Loss)
Years ended December 31, 2022 and 2021
(Expressed in Canadian Dollar)

	Notes	2022	2021
Expenses			
Management and consulting fees	12	$ 267,346	$ 169,999
Professional fees	12	85,345	101,509
Office and miscellaneous	12	44,847	30,364
Transfer agent and filing fees		42,440	45,312
Conferences and promotion	12	86,733	72,791
Stock-based compensation	11,12	457,769	312,595
		(984,480)	(732,570)
Other items			
Interest income		7,273	1,371
Other income		25,850	25,625
Fair value adjustment on marketable securities	5, 9	(13,000)	(60,000)
Impairment of exploration and evaluation assets	9	(293,368)	(120,591)
Gain on sale of exploration and evaluation assets	9	-	163,335
Recovery of flow-through premium liability	14	36,000	-
		(237,245)	9,740
Net loss and comprehensive loss for the year		**$ (1,221,725)**	**$ (722,830)**
Basic and diluted loss per share		**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding		**95,582,098**	**72,637,268**

See accompanying notes to the financial statements

C2C Gold Corp.

Statements of Changes in Shareholders' Equity
Years ended December 31, 2022 and 2021
(Expressed in Canadian Dollar)

	Number of Shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total ($)
Balance, December 31, 2020	**59,721,515**	**22,488,664**	**3,928,566**	**(19,689,580)**	**6,727,650**
Private placement	16,450,000	2,632,000	-	-	2,632,000
Share issue costs	-	(127,098)	-	-	(127,098)
Finder's warrants issued		(69,120)	69,120	-	-
Share issued for property acquisition	4,200,000	1,347,500	-	-	1,347,500
Stock options exercised	527,500	95,412	(45,187)	-	50,225
Warrants exercised	150,000	22,500	-	-	22,500
Stock-based compensation	-	-	312,595	-	312,595
Net income and comprehensive income for the year	-	-	-	(722,830)	(722,830)
Balance, December 31, 2021	**81,049,015**	**26,389,858**	**4,265,094**	**(20,412,410)**	**10,242,542**
Balance, December 31, 2021	**81,049,015**	**26,389,858**	**4,265,094**	**(20,412,410)**	**10,242,542**
Private placement	9,275,888	1,706,260	-	-	1,706,260
Share issue costs	-	(125,303)	-	-	(125,303)
Flow-through premium liability	-	(36,000)	-	-	(36,000)
Finder's warrants issued	-	(76,292)	76,292	-	-
Share issued for asset acquisition	14,775,000	1,924,500	-	-	1,924,500
Stock-based compensation	-	-	457,769	-	457,769
Net loss and comprehensive loss for the year	-	-	-	(1,221,725)	(1,221,725)
Balance, December 31, 2022	**105,099,903**	**29,783,023**	**4,799,155**	**(21,634,135)**	**12,948,043**

See accompanying notes to the financial statements

C2C Gold Corp.
Statements of Cash Flows
Years ended December 31, 2022 and 2021
(Expressed in Canadian Dollar)

		2022		2021
Cash provided by (used in):				
Operating activities:				
Net loss for the year	$	**(1,221,725)**	$	**(722,830)**
Adjustments for:				
Stock-based compensation		457,769		312,595
Fair value adjustment on marketable securities		13,000		60,000
Impairment of exploration and evaluation assets		293,368		120,591
Gain on sale of exploration and evaluation assets		-		(163,335)
Recover of flow-through premium liability		(36,000)		-
Change in non-cash working capital items				
Accounts receivable		176,665		(250,811)
Prepaid expenses		159,977		(175,283)
Accounts payable and accrued liabilities		(36,525)		10,883
Due to related party		8,363		(54,225)
		(185,108)		**(862,415)**
Financing activities:				
Private placement		1,706,260		2,632,000
Share issue costs		(125,303)		(127,098)
Stock options exercised		-		50,225
Warrants exercised		-		22,500
		1,580,957		**2,577,627**
Investing activities:				
Investment in exploration and evaluation assets		(1,504,639)		(2,210,014)
Acquisition of equipment		-		(30,838)
Set up for reclamation bonds		(29,500)		(69,250)
Proceeds from sale of exploration and evaluation asset		-		122,800
		(1,534,139)		**(2,187,302)**
Change in cash		**(138,290)**		**(472,090)**
Cash – beginning of year		**296,418**		**768,508**
Cash – end of year	$	**158,128**	$	**296,418**

Supplementary cash flow information (see Note 13)

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

C2C Gold Corp. (formerly Taku Gold Corp.) (the “Company”) was incorporated on July 19, 1999, under the laws of the province of British Columbia, Canada, and its principal activity is acquisition and exploration of mineral properties in Canada. The principal address of the Company is at 1771 Robson Street – 1221, Vancouver, British Columbia, Canada.

The Company is a reporting issuer in the provinces of Alberta and British Columbia. Effective November 25, 2020, reflecting the Company’s new focus in Newfoundland, the Company changed its name from Taku Gold Corp. to C2C Gold Corp. The Company is currently trading under its new name and ticker symbol “CTOC” (formerly “TAK”) on the Canadian Securities Exchange (“CSE”) and “CTCGF” (formerly “TAKUF”) on the OTCQB.

The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. As at December 31, 2022, the Company had an accumulated deficit of $21,634,135 (December 31, 2021 - $20,412,410) and incurred a net loss and comprehensive loss for the year of $1,221,725 (2021 - $722,830). As at December 31, 2022, the Company has a working capital deficiency of $91,929 (December 31, 2021 - positive working capital $338,776).

The Company is an exploration stage company focused on the acquisition and exploration of mineral properties in Canada and has not yet determined the existence of economically recoverable reserves. The recoverability of the amounts shown for interests in mineral properties is dependent upon the discovery of economically recoverable reserves or proceeds from the disposition thereof, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties and on future profitable operations. The Company’s continued operations are dependent on its ability to raise additional funding from equity financings, loans, or other arrangements. There is no assurance that future financing activities will be successful. These conditions give rise to a material uncertainty, which casts significant doubt on the Company’s ability to continue as a going concern, and therefore, its ability to realize its assets and discharge its liabilities in the ordinary course of operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2022. The Board of Directors approved the financial statements for issue on May 1, 2023.

b. Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value

d. Reclamation bonds

Reclamation bonds include bonds that have been pledged for reclamation and closure activities and that are not available for immediate disbursement.

e. Equipment

Equipment is originally recorded at cost at the time of purchase and is subsequently measured at cost less accumulated depreciation and impairment. Costs include all costs required to bring the item into its intended use by the Company. Equipment is depreciated over the remaining useful life of the asset being 30% straight-line. Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

f. Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred and recognized in profit or loss. Once the legal right to explore a property has been secured, costs directly relating to the acquisition of, exploration for and evaluation of mineral claims are recognized and capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred for the related property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Exploration and evaluation assets (continued)

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount or when the asset is deemed to no longer have commercially viable prospects to the Company. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverability of the carrying amount is dependent on successful development, future production, or alternatively, sale of the respective areas of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered, it is written off to comprehensive income or loss. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties and development assets.

The Company may, from time to time, enter into option agreements to transfer mineral interests. Options are exercisable entirely at the discretion of the optionee. Any consideration received from the agreements is recorded as recoveries to the mineral interest, with any excess amount accounted for as a gain on disposal. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

g. Provision for environmental reclamation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral property interests. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change because of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense. As at December 31, 2022, the Company had no environmental reclamation obligations.

h. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. If any such indicator exists, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less costs of disposal and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Impairment of tangible and intangible assets (continued)

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

i. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset represents the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using a discount rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss and comprehensive loss over the lease term.

j. Stock-based compensation

The Company grants share based awards in the form of share options in exchange for the provision of services from certain employees, consultants, officers, and directors. The share options are equity settled awards. The Company determines the fair value of the awards on the date of grant using the Black Scholes model. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

k. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax payable, if any, is based on taxable earnings for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Income taxes (continued)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

l. Flow-through shares

The Company may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a flowthrough tax liability. When the required expenditures are incurred, a deferred tax liability is recognized, and the flow-through tax liability is drawn down. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

m. Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then share purchase warrants.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Share capital (continued)

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments. Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life.

The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received, and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts remain in equity under contributed surplus.

n. Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss, basic and diluted earnings per share are the same as the effect of issuance of additional shares is anti-dilutive.

o. New accounting standards issued but not yet effective

Certain new accounting standards have been published that are not mandatory for the current period and have not been early adopted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*

  This amendment requires companies to provide more specific disclosures about their accounting policies and the judgments made in applying these policies that have the most significant effect on the financial statements. The new definition of significant accounting policies, now material accounting policy information, is broader in scope, capturing accounting policy information that is important to understanding the judgments made in preparing the financial statements, and those policies that require the most significant judgments and estimates by the Company. This amendment is effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

  This amendment clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. New accounting standards issued but not yet effective (continued)

- *Definition of Accounting Estimates (Amendments to IAS 8)*

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The Company will apply the amendments to changes in accounting estimates and errors, if any, as they arise in future periods. This amendment is effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

- *Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendment to IAS 12)*

  This amendment clarifies the accounting for deferred tax arising from single transactions, such as business combinations and asset acquisitions, by requiring companies to recognize deferred tax for temporary differences that arise from the initial recognition of assets and liabilities in a single transaction. This amendment is effective for annual reporting periods beginning on or after January 1, 2023. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of change, if the change affects that year only, or in the year of the change and in future years, if the change affects both.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires significant judgment in determining if a mineral property is impaired. The Company follows the guidance in IFRS 6 to determine when a mineral property is impaired. In making this judgement, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the Company's future plans to explore and evaluate the property.

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Going concern

The determination of the Company's ability to continue as a going concern requires significant judgement. Adjustments to the financial statements are required if the going concern assumption proved inappropriate could be material.

4. ASSET ACQUISITION

On June 24, 2022, the Company and The Rock Gold Corp. entered into a share purchase agreement pursuant to which the Company acquired all of the issued and outstanding common shares of The Rock Gold Corp. in consideration of 12,250,000 shares of the Company.

The acquisition was accounted for as an acquisition of net assets and the consideration as a share-based transaction accounted for in accordance with IFRS 2 Share-based Payment. Significant judgement and estimates were required to determine the appropriate application of accounting treatment for the transaction and the transaction did not qualify as a business combination under IFRS 3 Business Combinations.

(Expressed in Canadian Dollar)

4. ASSET ACQUISITION (CONTINUED)

The allocation of the total consideration to the assets and liabilities acquired are as follows:

Total consideration		
Value of 12,250,000 common shares issued	$	1,592,500
Transaction costs		23,246
Total consideration	**$**	**1,615,746**
Allocation of net assets		
Prepaids	$	84,500
Exploration and evaluation assets		1,531,246
Net assets acquired	**$**	**1,615,746**

5. MARKETABLE SECURITIES

As at December 31, 2022, marketable securities comprise 200,000 common shares (December 31, 2021 - 200,000) in publicly traded company, Independence Gold Corp., valued at $27,000 (December 31, 2021 - $20,000) and 2,000,000 common shares (December 31, 2021 - 2,000,000) in publicly traded company, Engineer Gold Mines Ltd., valued at $50,000 (December 31, 2021 - $70,000).

6. ACCOUNTS RECEIVABLE

As at December 31, 2022, accounts receivable consists of goods and services tax receivable of $106,987 (December 31, 2021 – GST receivable of $258,652 and reclamation bond receivable of $25,000).

7. RECLAMATION BONDS

As at December 31, 2022, the Company has $124,296 (December 31, 2021 - $69,250) on deposit as security bonds for the Newfoundland properties.

(Expressed in Canadian Dollar)

8. EQUIPMENT

		Vehicle
Cost		
Balance – December 31, 2020	**$**	**-**
Addition		30,838
Balance – December 31, 2021 and December 31, 2022	**$**	**30,838**
Accumulated Depreciation		
Balance – December 31, 2020	**$**	**-**
Depreciation		4,626
Balance – December 31, 2021	**$**	**4,626**
Depreciation		9,252
Balance – December 31, 2022	**$**	**13,878**
Net Book Value		
Balance – December 31, 2021	**$**	**26,212**
Balance – December 31, 2022	**$**	**16,960**

(Expressed in Canadian Dollar)

9. EXPLORATION AND EVALUATION ASSETS

	Badger ($)	Millertown ($)	Barrens Lake ($)	Other Newfoundland* ($)	Sonora Gulch ($)	Rosebute ($)	Lucky Joe ($)	Sulphur ($)	Quartz ($)	Other Yukon** ($)	Total ($)
Acquisition Costs											
Balance – December 31, 2021	**524,845**	**421,665**	**437,354**	**907,275**	**1,218,385**	**445,545**	**184,887**	**281,038**	**67,494**	**518,717**	**5,007,205**
Acquired through asset acquisition	-	-	-	1,531,246	-	-	-	-	-	-	1,531,246
Payment - cash	45,000	75,000	55,000	205,000	-	25,000	-	-	-	-	405,000
Payment - shares	19,000	32,000	33,000	248,000	-	-	-	-	-	-	332,000
Other	8,105	-	-	7,855	50	-	-	16,380	25,410	10,500	68,300
Impairment of mineral properties	-	-	-	-	-	-	-	-	-	(282,320)	(282,320)
Balance – December 31, 2022	**596,950**	**528,665**	**525,354**	**2,899,376**	**1,218,435**	**470,545**	**184,887**	**297,418**	**92,904**	**246,897**	**7,061,431**
Exploration & Evaluation Expenditures											
Balance – December 31, 2021	**367,733**	**1,059,844**	**594,069**	**88,773**	**20,452**	**1,346,008**	**106,764**	**1,004,255**	**94,740**	**118,461**	**4,801,099**
Personnel	106,846	62,598	34,056	225,615	725	-	2,700	-	50	-	432,590
Field and general	157,179	64,637	31,858	44,440	-	-	-	-	-	-	298,114
Geophysics	63,738	6,698	23,865	161,528	-	-	1,240	-	-	-	257,069
Geochemistry	2,014	4,811	3,112	18,327	-	-	-	-	-	-	28,264
Logistics and support	8,131	14,234	3,227	37,857	-	-	-	-	-	-	63,449
Helicopter	-	-	-	-	18,497	-	-	-	-	-	18,497
Amortization	578	578	578	7,517	-	-	-	-	-	-	9,251
Recoveries	-	(60,000)	-	-	-	-	-	-	-	-	(60,000)
Impairment of mineral properties	-	-	-	-	-	-	-	-	-	(11,048)	(11,048)
Balance – December 31, 2022	**706,219**	**1,153,400**	**690,765**	**584,057**	**39,674**	**1,346,008**	**110,704**	**1,004,255**	**94,790**	**107,413**	**5,837,285**
Exploration & Evaluation Assets											
Balance – December 31, 2021	**892,578**	**1,481,509**	**1,031,423**	**996,048**	**1,238,837**	**1,791,553**	**291,651**	**1,285,293**	**162,234**	**637,178**	**9,808,304**
Balance – December 31, 2022	**1,303,169**	**1,682,065**	**1,216,119**	**3,483,433**	**1,258,109**	**1,816,553**	**295,591**	**1,301,673**	**187,694**	**354,310**	**12,898,716**

** Other Newfoundland includes Tom Joe and Rocky Brook, Jumpers Brook, Rocky Pond and Brunt Lake, Lake Douglas, South Tally, Black Raven, Mega Vein and other Newfoundland properties acquired through asset acquisition from The Rock Gold Corp.*

*** Other Yukon includes Wounded Moose, Korat, Bishop, Chopin and MLC/Keynote properties.*

(Expressed in Canadian Dollar)

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Badger ($)	Millertown ($)	Barrens Lake ($)	Other Newfoundland* ($)	Sonora Gulch ($)	Rosebute ($)	Lucky Joe ($)	Sulphur ($)	Quartz ($)	Other Yukon** ($)	Tagish ($)	Total ($)
Acquisition Costs												
Balance – December 31, 2020	**125,000**	**231,874**	**160,105**	**-**	**1,209,485**	**420,545**	**184,887**	**281,038**	**52,164**	**700,464**	**1**	**3,365,563**
Option payment - cash	106,500	87,675	70,210	160,000	-	25,000	-	-	-	-	-	449,385
Option payment - shares	293,345	102,116	207,039	745,000	-	-	-	-	-	-	-	1,347,500
Other	-	-	-	2,275	8,900	-	-	-	15,330	-	-	26,505
Sale of mineral property	-	-	-	-	-	-	-	-	-	(81,937)	(1)	(81,938)
Impairment of mineral properties	-	-	-	-	-	-	-	-	-	(99,810)	-	(99,810)
Balance – December 31, 2021	**524,845**	**421,665**	**437,354**	**907,275**	**1,218,385**	**445,545**	**184,887**	**281,038**	**67,494**	**518,717**	**-**	**5,007,205**
Exploration & Evaluation Expenditures												
Balance – December 31, 2020	**-**	**-**	**-**	**-**	**14,227**	**1,345,558**	**38,507**	**1,004,255**	**94,740**	**194,113**	**42,656**	**2,734,056**
Personnel	64,248	145,084	113,663	61,152	1,050	450	10,182	-	-	-	-	395,829
Drilling	12,962	39,321	41,045	7,602	-	-	39,169	-	-	-	-	140,099
Field and general	247,531	817,486	305,249	5,339	-	-	307	-	-	-	-	1,375,912
Geophysics	32,290	26,359	106,282	6,115	-	-	-	-	-	-	-	171,046
Geochemistry	4,099	15,984	14,623	1,400	-	-	5,001	-	-	-	-	41,107
Logistics and support	5,447	14,453	12,050	6,009	-	-	1,598	-	-	-	-	39,557
Helicopter	-	-	-	-	3,558	-	12,000	-	-	-	-	15,558
Community and environmental	-	-	-	-	1,617	-	-	-	-	-	-	1,617
Amortization	1,156	1,157	1,157	1,156	-	-	-	-	-	-	-	4,626
Sale of mineral property	-	-	-	-	-	-	-	-	-	(54,871)	(42,656)	(97,527)
Impairment of mineral properties	-	-	-	-	-	-	-	-	-	(20,781)	-	(20,781)
Balance – December 31, 2021	**367,733**	**1,059,844**	**594,069**	**88,773**	**20,452**	**1,346,008**	**106,764**	**1,004,255**	**94,740**	**118,461**	**-**	**4,801,099**
Exploration & Evaluation Assets												
Balance – December 31, 2020	**125,000**	**231,874**	**160,105**	**-**	**1,223,712**	**1,766,103**	**223,394**	**1,285,293**	**146,904**	**894,577**	**42,657**	**6,099,619**
Balance – December 31, 2021	**892,578**	**1,481,509**	**1,031,423**	**996,048**	**1,238,837**	**1,791,553**	**291,651**	**1,285,293**	**162,234**	**637,178**	**-**	**9,808,304**

** Other Newfoundland includes Tom Joe and Rocky Brook, Jumpers Brook, Rocky Pond and Brunt Lake, Lake Douglas and South Tally properties.*
*** Other Yukon includes Wounded Moose, Korat, Bishop, Chopin, Portland, Gold Run, Midas, McQ and MLC/ Keynote properties.*

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects

Badger Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the "Optionors," to acquire a 100% interest in the Badger property located in the Central Newfoundland Gold Belt. The agreement was amended on January 8, 2021, and the revised terms include:

a) Cash payment as follows:
- $35,000 on closing (paid);
- $99,385 on amendment (paid) with $71,500, $12,675 and $15,210 being allocated to Badger, Millertown and Barrens Lake properties respectively;
- $35,000 on or before October 30, 2021 (paid);
- $45,000 on or before October 30, 2022 (accrued);
- $45,000 on or before October 30, 2023;
- $45,000 on or before October 30, 2024; and
- $45,000 on or before October 30, 2025.

b) Issuance of common shares as follows:
- 750,000 on closing (issued);
- 500,000 on amendment (issued) with $68,345, $12,116 and $14,539 of value being allocated to Badger, Millertown and Barrens Lake properties prospectively;
- 1,000,000 on or before October 30, 2021 (issued);
- 237,500 on or before October 30, 2022 (issued);
- 237,500 on or before October 30, 2023;
- 237,500 on or before October 30, 2024; and
- 237,500 on or before October 30, 2025.

c) Incur expenditure as follows:
- $455,800 on or before November 15, 2021 (completed);
- Additional $250,000 on or before November 15, 2022 (completed);
- Additional $250,000 on or before November 15, 2023;
- Additional $250,000 on or before November 15, 2024; and
- Additional $100,000 on or before November 15, 2025;

d) The Optionors retain a 2.0% Net Smelter Returns ("NSR") royalty, of which the Company can purchase 1.0% at any time for $2,500,000.

On June 27, 2022, the agreement was further amended to reflect the reduced claims of the Badger property the Company chose to move forward with, while all the other terms of the agreement remained the same.

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Millertown Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the “Optionors,” to acquire a 100% interest in the Millertown property located in the Central Newfoundland Gold Belt. The agreement was amended on January 8, 2021, and the revised terms include:

a) Cash payment as follows:
- $75,000 on closing (paid);
- $75,000 on or before October 30, 2021 (paid);
- $75,000 on or before October 30, 2022 (accrued);
- $75,000 on or before October 30, 2023;
- $100,000 on or before October 30, 2024; and
- $100,000 on or before October 30, 2025.

b) Issuance of common shares as follows:
- 1,000,000 on closing (issued);
- 400,000 on or before October 30, 2021 (issued);
- 400,000 on or before October 30, 2022 (issued);
- 400,000 on or before October 30, 2023;
- 400,000 on or before October 30, 2024; and
- 400,000 on or before October 30, 2025.

c) Incur expenditure as follows:
- $300,000 on or before November 15, 2021 (completed);
- Additional $300,000 on or before November 15, 2022 (completed);
- Additional $300,000 on or before November 15, 2023;
- Additional $300,000 on or before November 15, 2024; and
- Additional $300,000 on or before November 15, 2025;

d) The Optionors retain a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for $2,500,000.

On June 27, 2022, the agreement was further amended to reflect the reduced claims of the Milldertown property the Company chose to move forward with, while all the other terms of the agreement remained the same.

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Barrens Lake Property

On October 30, 2020, the Company entered an option agreement with Shawn Ryan and Wildwood Exploration Inc., together the "Optionors," to acquire a 100% interest in the Barrens Lake property located in the Central Newfoundland Gold Belt. The agreement was amended on January 8, 2021, and the revised terms include:

a) Cash payment as follows:
   - $35,000 on closing (paid);
   - $35,000 on or before October 30, 2021 (paid);
   - $45,000 on or before October 30, 2022 (accrued;
   - $45,000 on or before October 30, 2023;
   - $45,000 on or before October 30, 2024; and
   - $45,000 on or before October 30, 2025.

b) Issuance of common shares as follows:
   - 750,000 on closing (issued);
   - 500,000 on or before October 30, 2021 (issued);
   - 237,500 on or before October 30, 2022 (issued);
   - 237,500 on or before October 30, 2023;
   - 237,500 on or before October 30, 2024; and
   - 237,500 on or before October 30, 2025.

c) Incur expenditure as follows:
   - $150,000 on or before November 15, 2021 (completed);
   - Additional $250,000 on or before November 15, 2022 (completed);
   - Additional $250,000 on or before November 15, 2023;
   - Additional $250,000 on or before November 15, 2024; and
   - Additional $100,000 on or before November 15, 2025;

d) The Optionors retain a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for $2,500,000.

On June 27, 2022, the agreement was further amended to reflect the reduced claims of the Barrens Lake property the Company chose to move forward with, while all the other terms of the agreement remained the same.

During the year ended December 31, 2021, the Company completed the acquisition of a 100% ownership of two non-contiguous infill mineral licenses (7 claims and 11 claims) within the Company's Barrens Lake property area by paying $20,000 cash (paid) and issuing 200,000 common shares (issued). The vendor retains a 2% NSR royalty, of which the Company can purchase 1% at any time for $1,000,000.

During the year ended December 31, 2022, the Company acquired two new licenses with the same vendor by paying $10,000 cash ($10,000 paid on June 28, 2022) and issuing 100,000 common shares (100,000 common shares issued on July 7, 2022).

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Tom Joe and Rocky Brook Properties

On May 20, 2021, the Company completed the acquisition of a 100% interest in the Tom Joe and Rocky Brook properties in the Central Newfoundland Gold Belt by paying $25,000 cash (paid) and issuing 200,000 common shares (issued). The properties are subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for $500,000.

Jumpers Brook Property

On May 20, 2021, the Company completed the acquisition of a 100% interest in the Jumpers Brook property in the Central Newfoundland Gold Belt by paying $65,000 cash (paid) and issuing 600,000 common shares (issued). The property is subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for $1,000,000.

Rocky Pond and Brunt Lake Properties

On May 20, 2021, the Company completed the acquisition of a 100% interest in the Rocky Pond and Burnt properties in the Central Newfoundland Gold Belt by paying $70,000 cash (paid) and issuing 700,000 common shares (issued). The properties are subject to a 2.0% NSR royalty, of which the Company can purchase 1.0% at any time for $1,500,000.

Lake Douglas and South Tally Property

On July 22, 2021, the Company entered into an option and joint venture agreement (the "JV Agreement") with Buchans Resources Limited ("Buchans") whereby Buchans will grant the Company an option to acquire up to a 70% ownership interest in 364 mineral claims covering the Lake Douglas and South Tally properties (the "Properties"). Pursuant to the JV Agreement, the Company will exercise an initial option (the "First Option") to earn a 51% ownership interest in the Properties by issuing 100,000 common shares (issued) to Buchans and incur exploration expenditures of $1,500,000 over a four-year period. A joint venture is formed with the Company owning 51% and Buchans owning 49% upon completion of the First Option. If Buchans elects not to participate in the joint venture, the Company will have the right to exercise a second option to earn an additional 19% ownership interest by incurring additional exploration expenditures in the minimum of $1,000,000 on the Properties on or prior to the date that is five years from the date of the JV Agreement. The JV Agreement also contains a provision that if a base-metal (not precious-metal) dominant area is identified, then Buchans would become the operator of this base metal joint venture with Buchans owning 70% and the Company owning 30%. Dilution of either party's joint venture interest to below 10% will result in that party's joint venture interest converting to a 2% NSR royalty, of which the majority joint venture interest owner can purchase 1% for $1,500,000.

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Newfoundland Gold Projects (Continued)

Black Raven Property

On June 24, 2022, the Company acquired the option agreement for the Black Raven property through the share purchase agreement with The Rock Gold Corp. Under the terms of the option agreement, the Company could earn a 100% interest in the Black Raven property by paying $550,000 cash ($75,000 paid on June 25, 2022) and issuing 2,000,000 common shares (500,000 common shares issued on July 8, 2022) over the remaining four years, respectively. The property is subject to a 2.5% NSR royalty, of which 1.25% can be purchased for $3,000,000. The property is also subject to an advance minimum royalty ("AMR") of $50,000 per year starting from the sixth year from the effective date of the original agreement.

Mega Vein Property

On June 24, 2022, the Company acquired the option agreement for the Mega Vein property through the share purchase agreement with The Rock Gold Corp. Under the terms of the option agreement, the Company could earn a 100% interest in the Mega Vein property by paying $180,000 cash ($30,000 paid on June 25, 2022) and issuing 650,000 common shares (175,000 common shares issued on July 8, 2022) over the remaining three years, respectively. The property is subject to a 2.5% NSR royalty, of which 1.0% can be purchased for $1,000,000. The property is also subject to an AMR of $10,000 per year starting from the sixth year from the effective date of the original agreement.

Other Newfoundland Properties

On June 24, 2022, the Company acquired a 100% interest in certain mineral claims in Newfoundland through the share purchase agreement with The Rock Gold Corp. These claims were under the following agreements and terms:

- **Hicks** - $70,000 cash ($30,000 paid on June 28, 2022) and 750,000 common shares (250,000 common shares issued on July 8, 2022) over the remaining two years, subject to a 2.0% NSR, of which 1.0% can be purchased for $1,000,000.
- **United Gold** - $360,000 cash ($35,000 paid on June 28, 2022) and 1,250,000 common shares (375,000 common shares issued on July 8, 2022) over the remaining four years, subject to a 2.0% NSR, of which 1.0% can be purchased for $2,000,000.
- **Lewis** - $335,000 cash ($35,000 paid on June 28, 2022) and 1,075,000 common shares (250,000 common shares issued on July 8, 2022) over the remaining four years, subject to a 2.0% NSR, of which 1.0% can be purchased for $2,000,000.
- **Platoro West** - 7,750,000 common shares (previously issued by The Rock Gold Corp).
- **Bell** - 1,500,000 common shares (previously issued by The Rock Gold Corp).

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Yukon Gold Projects

Sonora Gulch Property

On August 1, 2017, the Company entered into an option agreement with Golden Predator Mining Corp. ("Golden Predator"), whereby the Company could earn a 100% interest in the Sonora Gulch property. The agreement was amended on August 1, 2018 to extend certain payment terms and was amended again on March 25, 2019. Under the final amendment, the Company completed its option by issuing Golden Predator 4,750,000 shares (in addition to the 4,500,000 shares issued in 2017 under the original agreement) and now holds 100% of the property. The property is subject to a 1.0% NSR to Golden Predator and an additional 1.0% NSR to underlying vendors, of which 0.5% can be repurchased from the underlying vendors for $1,000,000.

Rosebute Property

The Company holds 100% of the Rosebute property that is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for $2,000,000. An annual advance royalty payment of $25,000 ($25,000 paid on March 31, 2022) commenced in 2015 and continues for 10 years ($250,000 in total). During the year ended December 31, 2020, the Company issued 500,000 common shares for the annual advance royalty payment to the vendor.

Other Yukon (White Gold District)

The Company holds 100% of the following Yukon properties, subject to the royalties indicated:

- **Lucky Joe** - is subject to a 1.5% NSR royalty to Golden Predator and a further 1.5% NSR royalty to an underlying vendor, of which 0.75% can be repurchased from the underlying vendor for $2,000,000.
- **Sulphur** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for $1,000,000.
- **Quartz** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for $1,000,000.
- **Wounded Moose** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for $1,000,000.
- **Korat** - is subject to a 1.0% NSR royalty to Golden Predator.
- **Bishop-Montana** - is subject to a 2.0% NSR royalty, of which 1.0% can be repurchased for $1,000,000.
- **Chopin** – on March 31, 2022, these claims lapsed and the property was written off.

Other Yukon (Keno Hill Gold District)

The Company holds 100% of the MLC/Keynote property and is subject to a 2.5% NSR royalty. During the year ended December 31, 2022, these claims lapsed and the property was written off.

10. SHARE CAPITAL

Authorized share capital:

An unlimited number of common shares without par value.

10. SHARE CAPITAL (CONTINUED)

On March 25, 2022, the Company completed a private placement and issued 8,360,888 units at a price of $0.18 per unit and 915,000 flow-through units at a price of $0.22 per flow-though unit, for total gross proceeds of $1,706,260. Each unit and flow through unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.25 per share for a period of two years from the closing of the private placement. In connection with the private placement, the Company paid finders' fees of $116,064 and $9,239 in other share issue costs. In addition, 560,972 finder's warrants with a value of $76,292 were issued. Two directors of the Company participated in the private placement for 112,000 Units for proceeds of $20,160.

On May 10, 2021, the Company completed a private placement and issued 16,450,000 units at a price of $0.16 per unit, for gross proceeds of $2,632,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for a period of two years from the closing date. In connection with the private placement, the Company paid finders' fees of $122,720 in cash and $4,378 in other share issue costs. In addition, 288,000 finder's warrants with a value of $69,120 were issued. Each finder's warrant is exercisable into one common share at a price of $0.16 per share for a period of two years from the issuance date.

During the year ended December 31, 2022, the Company:

- Issued 237,500 common shares valued at $19,000 for Badger property (Note 9), issued 400,000 common shares valued at $32,000 for Millertown property (Note 9), and issued 237,500 common shares valued at $19,000 for Barrens Lake property (Note 9);
- Issued 100,000 common shares valued at $14,000 for exploration and evaluation assets (Note 9);
- Issued 1,550,000 common shares valued at $248,000 for exploration and evaluation (Note 9); and
- Issued 12,250,000 common shares valued at $1,592,500 in connection with the share purchase agreement with The Rock Gold Corp. (Note 4).

During the year ended December 31, 2021, the Company:

- Issued 500,000 common shares valued at $95,000 in connection with amending the option agreement for the Badger property (Note 9);
- Issued 1,000,000 common shares valued at $225,000 for Badger property (Note 9);
- Issued 400,000 common shares valued at $90,000 for Millertown property (Note 9);
- Issued 200,000 common shares valued at $97,000 for Tom Joe and Rocky Brook properties (Note 9);
- Issued 600,000 common shares valued at $300,000 for Jumpers Brook property (Note 9);
- Issued 700,000 common shares valued at $315,000 for Rocky Pond and Brunt Lake properties (Note 9);
- Issued 700,000 common shares valued at $192,500 for Barrens Lake property (Note 9);
- Issued 100,000 common shares valued at $33,000 for Lake Douglas and South Tally properties (Note 9);
- Issued 527,500 common shares for proceeds of $50,225 for stock options exercised (Note 11); and
- Issued 150,000 common shares for proceeds of $22,500 for warrants exercised (Note 11).

(Expressed in Canadian Dollar)

11. STOCK OPTIONS AND WARRANTS

Stock Options

The Company has adopted an incentive stock option plan, which allows the Company to issue non-transferable stock options to directors, officers, employees, consultants and other participants of the Company at the discretion of the Board of Directors and in accordance with stock exchange requirements. Under the plan, options can be granted for a maximum term of five years and the total number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares at any time. The exercise price, expiry date, and vesting terms of each option is determined by the Board of Directors at the time of grant, provided that the exercise price may not be less than the price permitted by the policies of the stock exchange(s) on which the Company's common shares are listed. Stock option transactions are summarized as follows:

	Outstanding Options	Weighted Average Exercise Price ($)
Balance, December 31, 2020	**3,515,000**	**0.13**
Granted	1,440,000	0.29
Exercised	(527,500)	0.10
Expired/Forfeited	(412,500)	0.17
Balance, December 31, 2021	**4,015,000**	**0.19**
Granted	2,270,000	0.22
Expired/Forfeited	(982,500)	0.16
Balance, December 31, 2022	**5,302,500**	**0.21**
Exercisable, December 31, 2022	**2,996,250**	**0.19**

As at December 31, 2022, outstanding incentive stock options are as follows:

	December 31, 2022		December 31, 2021	
Expiry Date	**Outstanding Options**	**Exercise Price ($)**	**Outstanding Options**	**Exercise Price ($)**
September 8, 2022	-	-	370,000	0.20
December 15, 2022	-	-	600,000	0.13
October 27, 2023	400,000	0.095	400,000	0.095
November 23, 2023	1,330,000	0.14	1,330,000	0.14
March 18, 2024	330,000	0.16	330,000	0.16
April 27, 2024	87,500	0.19	87,500	0.19
May 27, 2024	530,000	0.42	542,500	0.42
September 24, 2024	100,000	0.26	100,000	0.26
November 4, 2024	30,000	0.24	30,000	0.24
November 15, 2024	200,000	0.28	200,000	0.28
December 1, 2024	25,000	0.20	25,000	0.20
April 1, 2025	1,830,000	0.23	-	-
May 11, 2025	40,000	0.20	-	-
June 13, 2027	200,000	0.25	-	-
July 1, 2027	100,000	0.16	-	-
July 6, 2025	100,000	0.15	-	-
	5,302,500	**0.21**	**4,015,000**	**0.19**

(Expressed in Canadian Dollar)

11. STOCK OPTIONS AND WARRANTS (CONTINUED)

Stock Options (Continued)

As at December 31, 2022, the weighted average remaining life of the outstanding options is 1.74 years (December 31, 2021 - 1.82 years).

During the year ended December 31, 2022, the Company recognized stock-based compensation of $457,769 (2021 - $312,595) in relation to stock options. During the year ended December 31, 2022, 2,270,000 stock options were granted at an exercise price range of $0.15-$0.23. The fair value of each option granted was estimated at the time of the grant using the Black-Scholes option pricing model based on the following assumptions:

	December 31, 2022	December 31, 2021
Risk-free interest rate	2.35% - 3.39%	0.53% - 1.10%
Expected life of option	3.0 years	3.0 years
Expected dividend yield	Nil	Nil
Expected stock price volatility	155.01 % - 168.37%	168.04 % - 175.49%

Warrants

Share purchase warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2020	**6,440,000**	**0.15**
Granted	8,513,000	0.20
Exercised	(150,000)	0.15
Balance, December 31, 2021	**14,803,000**	**0.18**
Granted	5,198,915	0.24
Expired	(6,290,000)	0.14
Balance, December 31, 2022	**13,711,915**	**0.22**

As at December 31, 2022, outstanding warrants are as follows:

	December 31, 2022		December 31, 2021	
Expiry Date	Outstanding Warrants	Exercise Price ($)	Outstanding Warrants	Exercise Price ($)
November 19, 2022	-	-	5,600,000	0.15
November 19, 2022	-	-	690,000	0.10
May 10, 2023	8,225,000	0.20	8,225,000	0.20
May 10, 2023	288,000	0.16	288,000	0.16
March 25, 2024	4,637,943	0.25	-	-
March 25, 2024	560,972	0.20	-	-
	13,711,915	**0.22**	**14,803,000**	**0.18**

(Expressed in Canadian Dollar)

11. STOCK OPTIONS AND WARRANTS (CONTINUED)

Warrants (Continued)

During the year ended December 31, 2022, the Company granted 560,972 (2021 – 288,000) finder's warrants with a value of $76,292 (2021 - $66,240). The fair value of the warrants granted was estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	December 31, 2022	December 31, 2021
Risk-free interest rate	2.34%	0.29%
Expected life of option	2.0 years	2.0 years
Expected dividend yield	Nil	Nil
Expected stock price volatility	126.95%	175.37%

12. RELATED PARTY TRANSACTIONS

a. Balances outstanding

As at December 31, 2022, due to related party was 30,540 (December 31, 2021 - $22,177) owing to a company with a common former director and officer. The amount owing is non-interest bearing with no fixed terms of repayment.

b. Key management compensation

During the year ended December 31, 2022 and 2021, the Company paid or accrued the following amounts to key management (officers and directors), a company with a common former director and officer, a company controlled by a former officer and a former significant shareholder:

	2022	2021
Management and consulting fees	$ 231,989	$ 166,999
Professional fees	-	5,000
Conferences and Promotion	20,184	10,000
Office and miscellaneous	1,831	-
Exploration and evaluation expenditure	122,284	27,468
Stock-based compensation	378,983	230,937
	$ 755,271	**$ 440,404**

13. SUPPLIMENTARY CASH FLOW INFORMATION

Significant non-cash transactions during the year ended December 31, 2022 included:

- $1,592,500 in shares issued for asset acquisition (Note 4);
- $332,000 in shares issued for exploration and evaluation assets (Note 9);
- $76,292 for fair value of finder's warrants issued (Note 10 and Note 11);
- $390,871 in accounts payable and accrued liabilities for exploration and evaluation assets.

(Expressed in Canadian Dollar)

13. SUPPLIMENTARY CASH FLOW INFORMATION (CONTINUED)

Significant non-cash transactions during the year ended December 31, 2021 included:

- $1,347,500 in shares issued for exploration and evaluation assets (Note 9);
- $120,000 in shares received for exploration and evaluation assets (Note 9);
- $45,187 for fair value of options exercised (Note 11);
- $69,120 for fair value of finder's warrants issued (Note 10 and Note 11); and
- $465,068 in accounts payable and accrued liabilities for exploration and evaluation assets.

14. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through common shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In March 2022, the Company issued 915,000 flow-through common shares at $0.22 per share for gross proceeds of $201,300 and recognized an initial liability for flow-through shares of $36,000. During the year ended December 31, 2022, the Company has completed its flow-through spending obligations and has recognized a flow-through recovery of $36,000. As at December 31, 2022, the Company has no further flow-through expenditure obligations.

15. INCOME TAXES

Provision for current tax

No provision has been made for current income taxes as the Company has no taxable income.

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		2022		2021
Loss before income taxes	$	1,221,725	$	722,830
Statutory tax rate		27%		27%
Expected income tax recovery at statutory tax rate		329,866		195,164
Non-deductible items and others		(208,682)		(54,744)
Change in valuation allowance		(121,184)		(140,420)
Total income tax recovery	**$**	**-**	**$**	**-**

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

		2022		2021
Deferred Tax Assets				
Exploration and evaluation assets	$	1,647,007	$	1,732,439
Loss carry-forwards		8,808,191		8,236,047
Share issuance costs		206,351		146,454
Equipment and other		109,001		100,626
Unrecognized deferred tax assets	**$**	**10,770,550**	**$**	**10,215,566**

(Expressed in Canadian Dollar)

15. INCOME TAXES (CONTINUED)

As at December 31, 2022, the Company has accumulated non-capital losses for Canadian income tax purposes totalling approximately $8.8 million (2021 - $8.25 million). The losses expire in the following periods:

2006	2026	$	322,000
2007	2027		388,000
2008	2028		467,000
2009	2029		376,000
2010	2030		1,094,000
2011	2031		1,210,000
2012	2032		1,024,000
2013	2033		823,000
2014	2034		585,000
2015	2035		71,000
2016	2036		198,000
2017	2037		589,000
2018	2038		244,000
2019	2039		200,000
2020	2040		194,000
2021	2041		465,000
2022	2042		558,000
		$	**8,808,000**

16. FINANCIAL INSTRUMENTS

Fair Value

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. The Company's cash and cash equivalents and accounts receivable are categorized as financial assets measured at amortized costs. Marketable securities are categorized as assets measured at fair value through profile and loss. Accounts payable and accrued liabilities, due to related party and advance are categorized as financial liabilities measured at amortized cost. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to related party and advance are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

The three levels of the fair value hierarchy are:

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

As at December 31, 2022 and 2021, the Company's marketable securities are based on level 1 inputs of the fair value hierarchy and the values are based on the closing trading price of the shares on public stock exchanges at the period-end date.

Financial Risk Management

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange *risk*

The Company operates mainly in Canada, but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency-hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts and accounts receivable consist primarily of goods and services tax receivable from the government of Canada, for which management believes the risk of loss to be minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with a major Canadian financial institution, from which management believes the risk of loss to be minimal.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favorable. As at December 31, 2022, the Company has a working capital deficiency of $91,929 (December 31, 2021 – positive working capital $338,776).

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is the risk of loss associated with movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock markets to determine appropriate actions to be taken by the Company. The Company has investments in certain publicly traded companies (marketable securities), and there can be no assurance that the Company can exit these positions if required, so there is a risk that proceeds may not approximate the carrying value of these investments.

As at December 31, 2022, a 10% fluctuation in the price of the Company's marketable securities would increase or decrease comprehensive loss by $7,700 (December 31, 2021 - $9,000).

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and marketable securities.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

17. SUBSEQUENT EVENTS

Subsequent to the year end, the Company closed a private placement of 8,600,000 units at a price of $0.05 per unit for aggregate gross proceeds of $430,000.