# PTX Metals Inc. (formerly Platinex Inc.)

## Consolidated Financial Statements

## Years Ended December 31, 2023 and 2022

## Expressed in Canadian Dollars

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PTX Metals Inc. (formerly Platinex Inc.):

### *Opinion*

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

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 IFRS Accounting Standards.

### *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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which describes the conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="2">Assessment of the existence of impairment indicators for exploration and evaluation assets</td></tr>
<tr><td>Refer to note 7</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>As at December 31, 2023, the carrying amount of the Company’s exploration and evaluation assets was $5,999,029.<br><br>At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.<br><br>Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators:<br>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;<br>(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;<br>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or<br>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.<br><br>No impairment indicators were identified by management as at December 31, 2023.<br><br>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</td><td>Evaluating the judgments made by management in determining the impairment indicators, which included the following:<br><br>• Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.<br>• Obtained evidence for continued and planned exploration expenditures.<br>• Assessed whether available data indicates the potential for commercially viable mineral resources.<br>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</td></tr>
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<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="2">Evaluation of the acquisition date fair value of exploration and evaluation assets acquired as part of the agreement with Fancamp Exploration Ltd. (“Fancamp”)</td></tr>
<tr><td>Refer to notes 6 and 7</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>On March 15, 2023, the Company completed the transaction with Fancamp, in which Fancamp transferred certain exploration and evaluation assets to South Timmins Mining Inc. (“South Timmins”), a 100% wholly owned subsidiary of the Company, in return for a 25% ownership interest in South Timmins. The Company recorded exploration and evaluation assets at an acquisition date fair value of $1,191,357 and a corresponding non-controlling interest in South Timmins of 25%, held by Fancamp.<br><br>We consider this a key audit matter due to the magnitude of exploration and evaluation assets acquired and the significance of the estimate made by management in determining the fair value of the exploration and evaluation assets acquired. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the estimates applied by management.</td><td>• Obtained an understanding of the business rationale for the transaction between the Company and Fancamp.<br>• Reviewed the agreements for the underlying terms and conditions related to the transfer of exploration and evaluation assets.<br>• Reviewed regulatory approval of the transaction.<br>• Assessed the professional competence, capabilities and objectivity of the Company’s personnel who prepared the exploration and evaluation assets fair value, including the industry and regulatory standards they applied.<br>• Assessed the judgments applied by management in the basis of determining fair value of the exploration and evaluation assets acquired.<br>• Assessed the adequacy of the Company’s disclosures in the consolidated financial statements related to the transaction.</td></tr>
</table>

### *Other Information*

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

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 and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 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 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 the 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 judgment 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 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 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 on the audit resulting in this independent auditor's report is Aycha Aziz.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 29, 2024

## PTX Metals Inc. (formerly Platinex Inc.)
**Consolidated Statements of Financial Position**
**Expressed in Canadian Dollars**

| | As at December 31, 2023 | As at December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 2,545,080** | $ 147,985 |
| Receivables | **124,006** | 71,968 |
| Prepaid expenses (note 5) | **84,557** | 264,454 |
| **Total current assets** | **2,753,643** | 484,407 |
| **Non-current assets** | | |
| Exploration and evaluation assets (note 7) | **5,999,029** | 3,002,457 |
| **Total non-current assets** | **5,999,029** | 3,002,457 |
| **Total assets** | **$ 8,752,672** | $ 3,486,864 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (note 13) | **$ 417,925** | $ 479,093 |
| Promissory note (note 8) | **258,881** | 258,625 |
| Loan payable (note 9) | **40,000** | - |
| Flow-through premium liability | **192,263** | - |
| **Total current liabilities** | **909,069** | 737,718 |
| Loan payable (note 9) | **-** | 40,000 |
| **Total liabilities** | **909,069** | 777,718 |
| **Shareholders' equity** | | |
| Share capital (note 10) | **16,274,584** | 12,318,019 |
| Share warrant reserve (note 11) | **3,279,264** | 2,301,233 |
| Share-based payment reserve (note 12) | **2,346,694** | 2,166,694 |
| Accumulated deficit | **(15,962,663)** | (14,076,800) |
| | **5,937,879** | 2,709,146 |
| Non-controlling interest (note 6) | **1,905,724** | - |
| **Total shareholders' equity** | **7,843,603** | 2,709,146 |
| **Total liabilities and shareholders' equity** | **$ 8,752,672** | $ 3,486,864 |

Nature of operations and going concern (note 1)
Commitments and contingencies (note 16)
Subsequent events (note 18)

**Approved on behalf of the Board:**

*"Sam Kiri"*, Director

*"Greg Ferron"*, Director

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

**Expressed in Canadian Dollars**

| | Year Ended December 31, 2023 | 2022 |
|---|---|---|
| **Expenses** | | |
| Professional fees (note 13) | **$ 362,617** | $ 347,547 |
| Consulting fees (note 13) | **354,561** | 64,897 |
| Interest and finance expense | **36,301** | 36,045 |
| Investor relations and marketing | **655,863** | 483,990 |
| Management fees and directors' fees (note 13) | **176,754** | 270,250 |
| Office and general | **117,206** | 88,039 |
| Rent (note 13) | **12,520** | 8,000 |
| Regulatory and transfer agent fees | **89,317** | 26,606 |
| Share-based payments (notes 8, 12 and 13) | **180,000** | 98,100 |
| **Net loss before other item** | **(1,985,139)** | (1,423,474) |
| Other income | **7,168** | - |
| **Net loss and comprehensive loss for the year** | **$ (1,977,971)** | $ (1,423,474) |
| **Net loss attributable to :** | | |
| Shareholders of the Company | **$ (1,885,863)** | $ (1,423,474) |
| Non-controlling interest | **(92,108)** | - |
| | **$ (1,977,971)** | $ (1,423,474) |
| **Basic and diluted loss per share attributable to :** | | |
| Shareholders of the Company | **$ (0.01)** | $ (0.01) |
| Non-controlliong interest | **(0.00)** | 0.00 |
| | **$ (0.01)** | $ (0.01) |
| **Weighted average number of common shares outstanding - basic and diluted** | **267,175,178** | 192,696,444 |

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

**Expressed in Canadian Dollars**

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | **$ (1,977,971)** | $ (1,423,474) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Warrants issued for services | **23,125** | - |
| Debt settled in asset acquisition | **53,000** | - |
| Share-based payments | **180,000** | 98,100 |
| Interest accrual | **256** | - |
| Other income | **(7,168)** | - |
| Changes in non-cash working capital items: | | |
| Receivables | **(52,038)** | (55,043) |
| Prepaid expenses | **179,897** | (239,425) |
| Accounts payable and accrued liabilities | **(61,168)** | 350,069 |
| **Net cash used in operating activities** | **(1,662,067)** | (1,269,773) |
| **Investing activities** | | |
| Expenditures for exploration and evaluation assets | **(1,120,515)** | (618,299) |
| Proceeds from non-controlling interests | **513,475** | - |
| Advances from Fancamp | **130,000** | - |
| **Net cash used in investing activities** | **(477,040)** | (618,299) |
| **Financing activities** | | |
| Proceeds from common shares issued | **4,536,202** | 1,832,794 |
| **Net cash provided by financing activities** | **4,536,202** | 1,832,794 |
| **Net change in cash** | **2,397,095** | (55,278) |
| **Cash, beginning of year** | **147,985** | 203,263 |
| **Cash, end of year** | **$ 2,545,080** | $ 147,985 |

| **Supplemental information** | | |
|---|---|---|
| Common shares and warrants issued for exploration and evaluation assets | **$ 574,700** | $ 237,250 |
| Common shares issued for debt settlement | **$ -** | $ 116,500 |
| Fair value of warrants included in units | **$ 856,284** | $ 667,924 |

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

**Expressed in Canadian Dollars**

| | Share Capital | Warrant Reserve | Share-based Payment Reserve | Accumulated Deficit | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2021** | **$ 10,799,399** | **$ 1,633,309** | **$ 2,068,594** | **$ (12,653,326)** | **$ -** | **$ 1,847,976** |
| Net loss and comprehensive loss for the year | - | - | - | (1,423,474) | - | (1,423,474) |
| Common shares issued for cash (note 10(b)(i)(ii)) | 1,329,180 | 599,820 | - | - | - | 1,929,000 |
| Share issue cost | (164,310) | 68,104 | - | - | - | (96,206) |
| Common shares issued for exploration and evaluation assets (note 7) | 237,250 | - | - | - | - | 237,250 |
| Common shares issued for settlement of debt (note 10(b)(iii)) | 116,500 | - | - | - | - | 116,500 |
| Share-based payments | - | - | 98,100 | - | - | 98,100 |
| **Balance, December 31, 2022** | **12,318,019** | **2,301,233** | **2,166,694** | **(14,076,800)** | **-** | **2,709,146** |
| Net loss and comprehensive loss for the year | - | - | - | (1,885,863) | (92,108) | (1,977,971) |
| Common shares issued for cash (note 10(b)(iv)(v)) | 3,826,556 | 856,284 | - | - | - | 4,682,840 |
| Share issue costs | (223,060) | 76,422 | - | - | - | (146,638) |
| Flow-through premium | (199,431) | - | - | - | - | (199,431) |
| Common shares issued for exploration and evaluation assets (note 7) | 552,500 | 22,200 | - | - | - | 574,700 |
| Warrants issued for services | - | 23,125 | - | - | - | 23,125 |
| Share-based payments | - | - | 180,000 | - | - | 180,000 |
| Non-controlling interest in subsidiaries (note 6) | - | - | - | - | 1,997,832 | 1,997,832 |
| **Balance, December 31, 2023** | **$ 16,274,584** | **$ 3,279,264** | **$ 2,346,694** | **$ (15,962,663)** | **$ 1,905,724** | **$ 7,843,603** |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

PTX Metals Inc. (formerly Platinex Inc.), together with its subsidiaries is collectively referred to as the "Company" or "PTX Metals", is a Canadian company whose business activity is the exploration and evaluation of mineral properties in Canada. Platinex Inc. was incorporated under the Ontario Business Corporations Act on August 12, 1998. On February 28, 2024, the Company changed its name to PTX Metals Inc.

The Company is listed on the Canadian Securities Exchange, having the symbol PTX. The address of the Company's corporate office and principal place of business is 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 29, 2024.

For the year ended December 31, 2023, the Company incurred a net loss of $1,977,971 (year ended December 31, 2022 - $1,423,474) and has an accumulated deficit of $15,962,663 as at December 31, 2023 (December 31, 2022 - $14,076,800).

Management estimates that the funds available as at December 31, 2023 may not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2023. The Company will have to raise additional funds to continue operations. The Company is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Company will be successful in these actions, management believes that it will be able to secure the necessary financing through the issuance of new debt and equity.

Although these consolidated financial statements have been prepared using IFRS Accounting Standards ("IFRS") applicable to a going concern, the above-noted conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting year ended December 31, 2023. These consolidated financial statements have been prepared on a going concern basis, under the historical cost model, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

## 3. MATERIAL ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries PTX Nevada LLC, Endurance Elements Inc., Cannabis Mall Inc., Platinex Investment Inc., South Timmins Mining Inc. in which it has a 75% ownership (2022 - 100%) and Green Canada Corporation which it has a 54% ownership (note 6).

Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control is established when the Company has rights to an entity's variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases. The Company assesses control on an ongoing basis.

Net earnings or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance on consolidation. All significant inter-company amounts and transactions have been eliminated.

b) Foreign Currency Translation

The consolidated financial statements of the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company and its subsidiaries is the Canadian dollar. The presentation currency of the Company is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

c) Exploration and Evaluation Assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation (“E&E”) expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials, surveys, sampling costs, geological expenses, geophysical studies and drilling costs during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as a ‘mine under construction’. E&E assets are tested for impairment before the assets are transferred to mine under construction.

E&E expenditures are classified as intangible assets.

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

d) Impairment of Non - Financial Assets

Where the carrying amount of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

An impairment loss is recognized in profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

e) Financial Instruments

The Company recognizes a financial asset or financial liability when it becomes party to the contractual provisions of the financial instrument. The primary measurement categories for financial assets and liabilities are amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at December 31, 2023:

| Financial instrument | Classification |
|---|---|
| Cash | Amortized cost |
| Receivables (excluding HST receivable) | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Promissory note | Amortized cost |
| Loan payable | Amortized cost |

**Financial assets**

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows

- FVTPL and FVTOCI

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the profit or loss in the period in which they arise.

Financial assets at FVTOCI are initially recognized at fair value plus transaction costs, and subsequently measured at fair value with any gains or losses recognized in other comprehensive income less any impairment.

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

e) Financial Instruments (continued)

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". Financial assets classified at amortized cost are measured using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset, or where appropriate, a shorter period.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. Financial liabilities classified at amortized cost are measured using the effective interest rate method.

**Derecognition**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

f) Government assistance

A forgivable loan from government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. The government assistance is presented in the profit or loss as other income. If there is no reasonable assurance that the entity will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the Company will meet the terms for forgiveness.

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

g) Provisions

*Rehabilitation Provision*

The operations of the Company may be affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect upon the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Environmental expenditures relating to environmental and reclamation programs are charged to operations, or are capitalized and amortized, depending on their future economic benefits, over the estimated remaining life of the related business operation, net of expected recoveries. Liabilities related to environmental protection and reclamation costs are recognized when the obligation is incurred and the fair value of the related costs can be reasonably estimated. This includes future removal and site restoration costs required by environmental law or contracts. As at December 31, 2023 and 2022, the Company had no material rehabilitation obligations.

*Other Provisions*

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal period.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

i) Earnings (loss) per Share

Basic earnings (loss) per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted earnings (loss) per common share is computed by dividing the net earnings (loss) applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the periods presented, all options and warrants were excluded from the calculation of diluted loss per share because they were anti-dilutive.

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

j) Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model, when options or warrants are granted for the service. When shares are granted, fair value is measured using the market price on the date of grant. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payment reserve or in share warrant reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve or in share warrant reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Share-based payment reserve comprises the cumulative value of share-based compensation where the options have not been exercised. Share warrant reserves comprise the value of the Company's outstanding and expired warrants. Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes option pricing model at the issue date.

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

l) Flow-through Share Private Placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed. The flow-through share premium liability is reversed into the consolidated statement of loss and comprehensive loss as other income when the eligible expenditures are incurred.

m) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023.

i. Disclosure of accounting policy information (amendments to IAS 1); and
ii. Definition of accounting estimates (amendments to IAS 8).

With the exception of changing the Company's note heading for the accounting policies from "significant" to "material", the Company has reviewed all other updates and determined that these updates are not applicable to or consequential to the Company and have no impact on the material accounting policies.

The Company has reviewed all other updates and determined that these updates are not applicable to or consequential to the Company and have no impact on the material accounting policies.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

**Judgements**

Judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include:

a) Impairment of Exploration and Evaluation Assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses, is a subjective process involving judgement and a number of estimates and interpretations in many cases. Determining whether to test for impairment of exploration and evaluation assets requires management's judgement, among others, regarding the following:

(i) The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
(ii) Substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned;

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

(iii) Exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or

(iv) Sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Additional external factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant declines in ore prices.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires considerable management judgement. In testing an individual asset or cash generating unit for impairment and identifying a reversal or impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available.

Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and losses may occur during the next period.

b) Title to Mineral Property Interests

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

c) Investments in other companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation. There would be different accounting results should these judgments change.

**Estimates**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

a) Fair value of assets acquired

The fair value of assets acquired in the Green Canada Corporation and Fancamp Exploration Ltd. transactions (note 6) is estimated based on information available at the date of the acquisition. Estimates are used to determine the fair value of the acquired assets.

Expressed in Canadian Dollars

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in notes 7, 10, 11 and 12.

b) Commitments and Contingencies refer to note 16.

## 5. PREPAID EXPENSES

| | As at December 31, 2023 | As at December 31, 2022 |
|---|---|---|
| Prepaid insurance | **$ 15,660** | $ 17,146 |
| Prepaid investor relations | **27,425** | 45,400 |
| Prepaid consulting fees | **39,472** | 194,908 |
| Rent deposit | **2,000** | 2,000 |
| Legal retainer | **-** | 5,000 |
| | **$ 84,557** | $ 264,454 |

## 6. NON- CONTROLLING INTEREST

(i) On August 10, 2023, the Company incorporated Green Canada Corporation (“GCC” or “Green Canada”) an unlisted subsidiary of PTX Metals. On October 4, 2023, the Company announced that PTX Metals and GCC entered into a binding letter of intent with International Prospect Ventures Inc. ("IPV") to acquire a portfolio of exploration-stage uranium projects located in Canada (the “Uranium Portfolio”). As consideration for the Uranium Portfolio, IPV received 7,500,000 common shares of PTX Metals (valued at $300,000), 2,666,667 common shares of GCC (valued at $240,000), and net smelter royalties on the Uranium Portfolio. The PTX Metals shares are subject to a 12-month hold period.

PTX Metals assigned its option agreement on the Muskrat Dam Project with Springer to GCC for the issuance of 16,666,667 shares of GCC (valued at $1,500,000). PTX Metals is also entitled to a 1.0% net smelter return royalty on Muskrat Dam upon completion of the earn-in conditions between GCC and Springer.

Following the completion of share issuances in GCC which include private placements, completion of the Uranium Portfolio acquisition, assignment of the Muskrat Dam Project and shares issued for debt, PTX Metals directly owned approximately 54% of the issued and outstanding common shares of GCC.

(ii) On February 6, 2023, the Company entered into a binding heads of agreement with Fancamp Exploration Ltd. ("Fancamp") with respect to advancing the exploration and development of certain gold mineral properties owned by the parties located in Ontario in the Timmins mining camp (the "Transaction"). The Transaction includes several components, pursuant to which (i) PTX Metals and Fancamp will transfer certain mining properties which they currently hold to South Timmins Mining Inc. ("South Timmins"), previously a 100% wholly owned subsidiary of PTX Metals; (ii) enter into a shareholders' agreement respecting the operations of South Timmins; (iii) PTX Metals completes a non-brokered private placement of flow-through units for gross proceeds of up to $1,000,000; and (iv) PTX Metals completes a private placement of non-flow-through units for gross proceeds of up to $2,000,000, of which Fancamp will subscribe for 9.5% of the issued and outstanding shares of PTX Metals.

Expressed in Canadian Dollars

**6. NON- CONTROLLING INTEREST (Continued)**

Pursuant to the agreement, PTX Metals transferred its Shining Tree Property into South Timmins for the issuance of 2,250,000 shares of South Timmins. Fancamp transferred to South Timmins its Heenan Mallard gold properties and its Dorothy Gold project for the issuance of 750,000 shares of South Timmins (note 7).

The continuity of the Company's non-controlling interests for the year ended December 31, 2023 is as follows:

| | Green Canada | South Timmins | Total |
|---|---|---|---|
| **Balance, December 31, 2022** | $ - | $ - | $ - |
| Recognition of non-controlling interest | 806,475 | 1,191,357 | 1,997,832 |
| Share of net loss and comprehensive loss for the year | (92,108) | - | (92,108) |
| **Balance, December 31, 2023** | **$ 714,367** | **$ 1,191,357** | **$ 1,905,724** |

**7. EXPLORATION AND EVALUATION ASSETS**

| | Shining Tree Property | Heenan and Dorothy Properties | W2 Project | Muskrat Dam Project | Uranium portfolio | Total |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2021** | **$ 2,146,908** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 2,146,908** |
| Acquisition - shares | 26,000 | - | 211,250 | - | - | 237,250 |
| Acquisition -cash | 11,500 | - | 40,000 | 25,000 | - | 76,500 |
| Exploration costs | 448,664 | - | 117,135 | - | - | 565,799 |
| Grant received | (24,000) | - | - | - | - | (24,000) |
| **Balance at December 31, 2022** | **2,609,072** | **-** | **368,385** | **25,000** | **-** | **3,002,457** |
| Acquisition - shares | 15,000 | 1,191,357 | 212,500 | 47,200 | 540,000 | 2,006,057 |
| Acquisition -cash | 12,500 | - | 97,500 | - | - | 110,000 |
| Advanced royalty fees | 10,000 | - | - | - | - | 10,000 |
| Exploration costs | 771,230 | - | 162,117 | 173,242 | - | 1,106,589 |
| Grant received | (56,000) | - | - | (50,074) | - | (106,074) |
| Contribution from Fancamp | - | (130,000) | - | - | - | (130,000) |
| **Balance at December 31, 2023** | **$ 3,361,802** | **$ 1,061,357** | **$ 840,502** | **$ 195,368** | **$ 540,000** | **$ 5,999,029** |

<u>Shining Tree Property, Ontario</u>

In 2011, the Company vested an option agreement with Skead Holdings Ltd. ("Skead"), with respect to 139 claim units (5,680 acres or 2,299 ha), situated in Churchill, MacMurchy and Asquith Townships in Ontario (the “Shining Tree property”). The Company now holds a 100% interest in the claims subject to a 3% NSR and advance royalty payments of $10,000 per year commencing in April 2019. Advance royalty payments for 2019, 2020 and 2021 have been paid.

PTX Metals may eliminate the requirement for future advance royalty payments by making a one-time advance royalty payment of $100,000. Two thirds of the 3% NSR may be reduced by payment of: $75,000 for each one-quarter percent for the first one-half percent; $150,000 for each one-quarter percent for the second one-half percent; $250,000 for each one-quarter percent for the third one-half per cent, and; $400,000 for each one-quarter percent for the final one-half percent ($1.75 million in aggregate). If Skead wishes to sell the residual royalty interest the Company retains a right of first refusal to purchase the NSR.

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

The Company entered into two agreements in August 2016 and a further five agreements in November 2016, January 2017, March 2017, April 2017 and June 2017 and staked claims in December 2016 which significantly expanded the size and potential of its Shining Tree gold property. PTX Metals has entered into an option agreement with Skead and Ashley Gold Mines Limited ("Ashley Gold"), with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario. PTX Metals acquired a 100% interest in the 54 claim units and 50% interest in a further 8 claim units (991 ha or 2,480 acres), subject to a 2% NSR, by issuing 200,000 shares of PTX Metals (issued in 2016), and by making cash payments (or share equivalent) of $95,000 and by incurring property expenditures of $500,000 during the ensuing four-year period to August 17, 2020 (the “Skead-Ashley option”).

PTX Metals also entered into an agreement with two prospectors to purchase a 100% interest in four claims comprising 20 claim units (320 ha or 800 acres) in Churchill, MacMurchy and Asquith Townships, in Ontario by issuing 400,000 shares of PTX Metals (issued in 2016). PTX Metals subsequently entered into five agreements with one prospector to purchase a 100% interest in: ten claims comprising 70 claim units (1,120 ha or 2,800 acres) for 398,000 shares on November 3, 2016 (issued in 2016); four claims comprising 43 claim units (688 ha. or 1,720 acres) for 71,429 shares on January 25, 2017; eight claims comprising 96 claim units (1,536 ha or 3,840 acres) for 86,705 shares on March 30, 2017; 21 claims comprising 267 claim units (4,272 ha or 10,680 acres) for 391,250 shares on April 20, 2017 and 9 claims comprising 127 claim units (2,032 ha or 5,080 acres) for $5,000 and 436,190 shares on June 20, 2017. PTX Metals also staked claims comprising 45 claim units (720 ha or 1,800 acres). Six claim units were subsequently included in the Skead Agreement.

In January and March 2019, the following amendments were made to the Skead-Ashley option agreement:

(i) The option in arrears was increased to $30,000 and due on January 18, 2019 through the issuance of shares (issued);
(ii) Final option payment of $30,000 (payable in cash) due August 1, 2019; (amended see below)
(iii) Year 3 expenditures of $150,000 due on or before August 17, 2020; (amended see below)
(iv) Year 4 expenditures of $200,000 due on or before August 17, 2021. (amended see below)

On April 12, 2019, the Company closed a transaction for the assignment of its ownership rights, under the Skead-Ashley option agreement with respect to a 50% interest in claim L4212960, to Goldeye Explorations Ltd., a subsidiary of Treasury Metals Inc. The terms include proceeds of $25,000 received in cash and a 1% NSR royalty on 50% of the claim. The remaining requirements under the Skead-Ashley option were accordingly amended to:

(i) Final option payment of $28,000 (paid);
(ii) Year 3 expenditures of $140,000 due on or before August 17, 2020; (waived)
(iii) Year 4 expenditures of $186,667 due on or before August 17, 2021.(completed)

On July 24, 2020, the Company announced that pursuant to the terms of the mining investment agreement (the "Purchase Agreement") dated July 15, 2020 between the Company, Treasury Metals Inc. ("Treasury") and its wholly-owned subsidiary Goldeye Explorations Limited, the Company has acquired an aggregate of 208 unpatented mining claims located in the Shining Tree District, Northern Ontario (the "Mining Claims") and three net smelter royalties (the "Royalties").

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

In consideration for acquiring the Mining Claims and the Royalties (the "Acquisition"), PTX Metals issued to Treasury 12,500,000 common shares ("Consideration Shares") of PTX Metals and 5,000,000 non-transferable common share purchase warrants ("Consideration Warrants") of PTX Metals. Each Consideration Warrant entitles Treasury to purchase one common share of PTX Metals at a price of $0.05 per share for a period of 24 months from the date of issue. If Treasury exercised the Consideration Warrants on or before September 1, 2020, it would have received an additional non-transferable common share purchase warrant (a "Secondary Warrant") for each Consideration Warrant exercised. Each Secondary Warrant entitles the holder to purchase one common share of PTX Metals at a price of $0.20 per share for a period of 24 months from the date of the closing of the Acquisition. The Secondary Warrants provide that Treasury shall not exercise the Secondary Warrants if such exercise would result in it owning 20% or more of the issued and outstanding common shares of PTX Metals.

The Consideration Shares were valued at $750,000 based on the share price on July 15, 2020. The Consideration Warrants issued were assigned an aggregate fair value of $210,000 using the Black-Scholes option pricing model with the following assumptions: share price of $0.06, dividend yield 0%, expected volatility 194%, risk-free rate of return 0.27% and expected life of 2 years.

The parties have agreed that the Consideration Shares will be placed in a voluntary escrow agreement, with 25% (3,125,000 Consideration Shares) to be released on the 12th, 15th, 18th and 24th month anniversaries of the closing of the Acquisition. Treasury has agreed to support and vote for the recommendations of the Company's management at all shareholder meetings of the Company held during the time that the Consideration Shares are held in escrow. As at December 31, 2023, there were no Consideration Shares (2022 - 6,250,000) held in escrow.

The Royalties consist of a 100% interest in three royalty agreements, consisting of (i) a 2% net smelter royalty in respect of the Sonia-Puma Property held by Minera Goldeye Chile Limitada (which has been acquired by Newmont Goldcorp); (ii) a 1% net smelter royalty in respect of nine mineral claims forming part of the McFaulds Lake Project held by AurCrest Resources Inc.; and (iii) a 2% net smelter royalty in respect of 29 mineral claims located in MacMurchy Township, Ontario held by Golden Harp Resources Inc.

Prior to September 1, 2020, Treasury exercised 3,000,000 Consideration Warrants for proceeds of $150,000, and the 3,000,000 common shares were issued to Treasury in November 2020. In connection with the exercise of the Consideration Warrants, 3,000,000 Secondary Warrants were issued to Treasury. The 3,000,000 Secondary Warrants were assigned an aggregate fair value of $129,000 using the Black-Scholes option pricing model with the following assumptions: share price of $0.06, dividend yield 0%, expected volatility 202%, risk-free rate of return 0.24% and expected life of 1.87 years. The value of the Secondary Warrants was included in share capital as share issue costs. Treasury has the right to participate in future financings which may be conducted by PTX Metals in order to allow it to maintain its pro rata equity interest in PTX Metals for a period of 24 months from the closing of the Acquisition. The Purchase Agreement also provided Treasury with the right to appoint one nominee to the board of directors of PTX Metals for a period of two years.

On August 14, 2020, Skead and Ashley Gold waived the requirement for PTX Metals to conduct and file $140,000 of assessment work prior to August 17, 2020. On December 4, 2020, Skead-Ashley accepted that the Year 4 expenditures had been incurred which resulted in the vesting of the option and the claims were duly registered in PTX Metals’s name.

On August 18, 2021, the Company acquired additional mining claims in Shining Tree Property from Alamos Gold Inc. Consideration for the additional mining claims included 5,000,000 common shares of PTX Metals (fair valued at $200,000) which are subject to a six month hold period from the date of issue and 2% net smelter returns royalty on the mining claims. One half of the 2% NSR may be reduced by payment of $500,000.

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

On March 22, 2022, the Company acquired 63 mining claims adjoining its Shining Tree Project from Skead. Consideration for the mining claims was $11,500 (paid) and the issuance of 400,000 shares (valued at $20,000). The mining claims are subject to a 2% NSR of which the Company has the rights to repurchase up to 1% at the rate of $400,000 per 0.5%.

On December 29, 2022, the Company acquired a 100% interest in two (2) claims in Leonard township. Consideration for the mining claims was the issuance of 150,000 common shares (valued at $6,000).

*Partnership with Fancamp*

The properties transferred into South Timmins were as follows:

(i) PTX Metals transferred its Shining Tree Property into South Timmins for the issuance of 2,250,000 shares of South Timmins. Fancamp transferred to South Timmins (i) its Heenan Mallard gold properties located in Northern Ontario, consisting of 296 unpatented mining claims; and (ii) its Dorothy Gold project located in NW Ontario (the "Dorothy Properties"), for the issuance of 750,000 shares of South Timmins. Fancamp will have an option to increase its shareholding to 50% on the basis described below.

(ii) Fancamp will be granted a 1.0% net smelter returns royalty (the "NSR Royalty") in respect of the Heenan Mallard and the Dorothy Properties, subject to a decrease to 0.5% NSR Royalty should Fancamp elect to exercise the Option (as described below) to acquire 50% of the issued and outstanding shares of South Timmins.

PTX Metals and Fancamp entered into a shareholders' agreement with respect to their ownership interests in South Timmins. The key terms of the shareholders' agreement include:

- The board of South Timmins consists of three directors of which PTX Metals has the right to appoint two directors and Fancamp the right to appoint one director.
- PTX Metals was appointed operator in respect of the mining activities to be conducted by South Timmins.
- A technical committee for South Timmins was created of which PTX Metals has the right to appoint two members and Fancamp the right to appoint one member.
- South Timmins was engaged in an initial exploration program of $1.16 million (the "Initial Exploration Program") of which $1.03 million was funded by the PTX Metals and $130,000 was funded by Fancamp.
- Within 60 days from the completion of the Initial Exploration Program, PTX Metals will prepare an exploration program (the "Phase II Exploration Program") to be approved by the members of the technical committee and the board of South Timmins.
- Fancamp will have the right and option (the "Option") to increase its ownership interest in South Timmins to own up to 50%, which may be exercised over a two-year period commencing on the date of approval of a Phase II Exploration Program by making staged cash payments to South Timmins in the aggregate amount of $1,500,000 to be used for exploration activities of South Timmins.

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

W2 Project

On January 7, 2022, the Company acquired of a 100% ownership interest in the W2 Copper-Nickel-PGE Project (the "W2 Project"). The transaction was effected by way of a purchase and sale agreement (the "Agreement") between PTX Metals's wholly owned subsidiary, Endurance Elements Inc. ("Endurance Elements"), and Springer Mineral Resources Corporation ("Springer").

Pursuant to the Agreement, PTX Metals issued 3,625,000 common shares (valued at $181,250) to Springer. PTX Metals also paid $25,000 in cash and granted Springer a net smelter returns royalty of up to 2% on the mining claims comprising the W2 Project. An additional $25,000 cash payment was made within 90 days of closing. PTX Metals has the option to buy back half of the NSR royalty for total consideration of $1,000,000.

Subject to certain conditions and two shareholder value enhancing project milestones being achieved PTX Metals will pay up to an additional $300,000 to Springer, of which $212,500 can be paid through the issuance of shares of PTX Metals.

On May 10, 2022, the Company announced the acquisition of additional mining claims adjacent to the W2 Project. Consideration for the acquisition consisted of 200,000 common shares and a 2% NSR royalty to the seller. The Company has the right at any time to repurchase half of the NSR royalty for $1,000,000. PTX Metals issued an aggregate of 200,000 common shares (valued at $10,000) for the current acquisition.

On December 29, 2022, the Company closed an option agreement with two (2) arm's length parties, through which it has the right to acquire a 100% interest in 52 unpatented mining claims at the W2 Project. The Company paid $5,000 and issued 500,000 common shares (valued at $20,000) on closing. To earn its 100% interest, the Company must make additional payments totaling $35,000 over the three-year term of the option agreement. Upon exercising the option, the vendors will retain a 1.5% NSR royalty on the claims. PTX Metals has the right to repurchase a 0.5% NSR royalty at any time for $500,000, leaving a total 1.0% NSR royalty on the claims.

On March 2, 2023, the Company issued 1,750,000 shares (valued at $87,500) for the achievement of a W2 Project milestone.

In September 2023, the Company issued 2,500,000 shares (valued at $125,000) and paid cash of $50,000 for the achievement of a W2 Project milestone.

Muskrat Dam Project

On December 14, 2022, the Company signed a binding letter of intent to option a 100% ownership interest in the Muskrat Dam Critical Minerals Project (the "Muskrat Dam Project" or the "Project"). The Muskrat Dam Project is located in Northwestern Ontario. The Project comprises six (6) property blocks, which together cover 10,950 hectares.

The binding letter of intent provides for PTX Metals, through its wholly owned subsidiary, Endurance Elements, to acquire a 100% ownership interest in the Muskrat Dam Critical Minerals Project by way of an earn-in option agreement with an arm's length party.

**7. EXPLORATION AND EVALUATION ASSETS (Continued)**

Muskrat Dam Project (continued)

Pursuant to the Agreement, PTX Metals will pay the following consideration and work commitments:

**Payments:**
- $25,000 paid in cash on closing; (paid)
- $25,000 (settled with 500,000 shares) and issuance of 600,000 share purchase warrants with an exercise price of $0.05 and term of 3 years within 60 days of closing; (paid and issued)
- $25,000 paid in shares on the 1st anniversary;
- $75,000 paid in shares on the 2nd anniversary; and
- $100,000 paid in shares on the 3rd anniversary.

**Work expenditure commitments:**
- Commitment to spend $100,000 by 1st anniversary; (incurred)
- Commitment to spend $100,000 by 2nd anniversary; and
- Commitment to spend $100,000 by 3rd anniversary.

**Milestone Payments:**
- $50,000 paid in cash upon completion of a successful prospecting and evaluation program confirming lithium grades exceeding 1%; and
- $250,000 paid in cash or shares (min. $75,000 in cash) upon completion of an NI 43-101 mineral resource estimate on the Muskrat Dam Project.

**NSR royalty:**
- The Company received a 2% NSR royalty and has the option to buy back half of the NSR royalty for total consideration of $500,000

PTX Metals assigned its option agreement on the Muskrat Dam Project with Springer to GCC for the issuance of 16,666,667 shares of GCC (valued at $1,500,000). PTX Metals is also entitled to a 1.0% net smelter return royalty on Muskrat Dam upon completion of the earn-in conditions between GCC and Springer (note 6).

Uranium Portfolio (note 6)

PTX Metals and GCC entered into a binding letter of intent with IPV to acquire a portfolio of exploration-stage uranium projects located in Canada. As consideration for the Uranium Portfolio, International Prospect Ventures received 7,500,000 common shares of PTX Metals (valued at $300,000), 2,666,667 common shares of GCC (valued at $240,000), and net smelter royalties on the Uranium Portfolio.

The Uranium Portfolio includes a 100% interest in the following projects:

- The Beartooth Island Uranium Project, Athabasca Basin, Saskatchewan;
- The Matoush-Otish Mountain Project and Mistassini Project in Quebec;
- Three large claim blocks in Elliot Lake, Ontario; and
- the Cypress Uranium and Copper Project, Athabasca Basin, Saskatchewan.

## 8. PROMISSORY NOTE

On November 9, 2021, the Company entered into a promissory note agreement for $250,000 from a lender. The drawdown fee was 2% of the loan amount ($5,000). The promissory note bore interest at the rate of 10% per annum and was due on maturity. The promissory note had a six-month term maturing on May 9, 2022. In addition, the Company granted to the lender 500,000 stock options at an exercise price of $0.05 per share and expiry date of November 17, 2024. The fair value of these stock options was $22,000.

In May 2022, the Company exercised its option to extend the promissory note for another six months with the payment of a 2% renewal fee.

On November 9, 2022, the Company extended the promissory note for another twelve months (maturing November 9, 2023) with the payment of an additional 2% renewal fee. The loan bears interest at 10% per annum and can be extended for an additional 12 months with each 6-month extension subject to a 2% renewal fee.

On November 10, 2023, the Company extended the promissory note for another six months (maturing May 9, 2024) with the payment of an additional 2% renewal fee. The loan bears interest at 10% per annum and can be extended for an additional 6 months subject to a 2% renewal fee. The loan may be converted to 5,000,000 common shares of the Company at the option of the lender.

The loan is secured by royalties consisting of a 100% interest in three royalty agreements plus a royalty on claim, being:

(i) a 2% net smelter royalty in respect of the Sonia-Puma Property held by Minera Goldeye Chile Linitada (which has been acquired by Newmont Goldcorp);
(ii) a 1% net smelter royalty in respect of nine mineral claims forming part of the Mcfaulds Lake Project held by AurCrest Resources Inc.;
(iii) a 1% net smelter royalty in respect of 29 mineral claims located in MacMurchy Township, Ontario held by Golden Harp Resources Inc.; and
(iv) a 1% NSR royalty on 50% of claim L4212960.

See note 18(vii).

## 9. LOAN PAYABLE

In May 2020, the Company received a government guaranteed loan of $40,000 to help with operating costs during COVID-19. The loan is interest-free until December 31, 2023. 25% of the loan amount is eligible for forgiveness provided that the Company pays back 75% of the loan on or before January 18, 2024. If the Company does not repay the loan by January 18, 2024, the loan may be converted into a 2-year term loan at an interest rate of 5%. See note 18(i).

Expressed in Canadian Dollars

## 10. SHARE CAPITAL

a) Authorized: Unlimited number of common shares.

b) Issued:

| | Number of common shares | Amount |
|---|---|---|
| **Balance, December 31, 2021** | **161,654,598** | **$ 10,799,399** |
| Issuance of common shares for private placement (i)(ii) | 35,375,667 | 1,929,000 |
| Warrants valuation (i)(ii) | - | (599,820) |
| Share issue costs - cash (i)(ii) | - | (96,206) |
| Share issue costs - warrants (i)(ii) | - | (68,104) |
| Common shares issued for debt settlement (iii) | 2,330,000 | 116,500 |
| Common shares issued for exploration and evaluation assets (note 7) | 4,875,000 | 237,250 |
| **Balance, December 31, 2022** | **204,235,265** | **12,318,019** |
| Issuance of common shares for private placement (iv)(v) | 115,377,797 | 4,682,840 |
| Warrants valuation (iv) | - | (856,284) |
| Share issue costs - cash | - | (146,638) |
| Share issue costs - warrants (iv)(v) | - | (76,422) |
| Flow-through premium (v) | - | (199,431) |
| Common shares issued for exploration and evaluation assets (note 7) | 12,550,000 | 552,500 |
| **Balance, December 31, 2023** | **332,163,062** | **$ 16,274,584** |

**<u>For the year ended December 31, 2022</u>**

(i) On April 5, 2022, the Company completed a private placement of 16,060,000 units at a price of $0.05 per unit (“Unit”) and 12,221,667 flow through units (“FT Unit”) at a price of $0.06 per unit. Each Unit and FT Unit consists of one common share and one-half warrant. Each full warrant is exercisable into one common share at $0.07 for a period of 36 months. The Company paid cash commissions of $65,830 and issued 1,699,367 warrants as finders’ fees. Finders’ warrants have the same terms as the Unit and FT Unit warrants.

The relative fair value of the warrants issued was $486,345 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.32% and expected life of 3 years.

The finder's warrants issued were assigned an aggregate fair value of $64,576 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.32% and expected life of 3 years. Expected volatility was based on the Company’s historical share prices.

(ii) On May 4, 2022, the Company completed a private placement of 3,294,000 units at a price of $0.05 per Units and 3,800,000 FT Units at a price of $0.06 per unit. Each Unit and FT Unit consists of one common share and one-half warrant. Each full warrant is exercisable into one common share at $0.07 for a period of 36 months. The Company paid cash commissions of $22,680 and issued 84,000 warrants as finders’ fees. Finders’ warrants have the same terms as the Unit and FT Unit warrants.

The relative fair value of the warrants issued was $113,475 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.65% and expected life of 3 years.

The finder's warrants issued were assigned an aggregate fair value of $3,528 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.65% and expected life of 3 years. Expected volatility was based on the Company’s historical share prices.

**Expressed in Canadian Dollars**

**10. SHARE CAPITAL (Continued)**

(iii) On May 4, 2022, the Company issued 2,330,000 common shares to arm's length service providers to settle an aggregate of $116,500 of debt.

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

(iv) During March 2023, the Company completed a series of tranches of a private placement of 52,532,241 units at a price of $0.04 per unit and 13,545,556 FT units at a price of $0.045 per unit for gross aggregate proceeds of $2,710,840. Each unit and FT unit consists of one common share and one-half warrant. Each full warrant is exercisable into one common share at $0.055 for a period of 60 months. The Company paid cash commissions of $54,928 and issued 1,301,027 warrants as finders' fees. Each finders' warrant is exercisable into one common share at $0.05 for a period of 24 months.

The relative fair value of the warrants issued was $856,284 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 154%, risk-free rate of return 3.33% and expected life of 5 years.

The finder's warrants issued were assigned an aggregate fair value of $48,138 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 154%, risk-free rate of return 3.33% and expected life of 24 months. Expected volatility was based on the Company's historical share prices.

(v) In October and December 2023, the Company completed a series of tranches of a private placement of 49,300,000 flow through shares at a price of $0.04 per share for gross aggregate proceeds of $1,972,000. The Company paid cash commissions of $91,710 and issued 1,663,750 finders' warrants. Each finders' warrant is exercisable into one common share at $0.05 for a period of 24 months. The Company recognized a flow-through premium of $122,125.

The finder's warrants issued were assigned an aggregate fair value of $28,284 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 118%, risk-free rate of return 4.17% and expected life of 2 years. Expected volatility was based on the Company's historical share prices.

All securities issued in connection with this offering are subject to a four month plus one day hold period from the closing date in accordance with applicable securities laws.

**11. WARRANTS**

The following table reflects the continuity of warrants for the years ended December 31, 2023 and 2022:

| | Number of warrants | Weighted average exercise price ($) |
|---|---|---|
| **Balance, December 31, 2021** | **38,139,302** | **0.10** |
| Issued (notes 7 and 10(i)(ii)) | 19,471,200 | 0.07 |
| Expired | (23,667,302) | 0.09 |
| **Balance, December 31, 2022** | **33,943,200** | **0.09** |
| Issued (notes 10(iv)(v) and 7)[1] | 37,228,676 | 0.05 |
| Expired | (14,472,000) | 0.11 |
| **Balance, December 31, 2023** | **56,699,876** | **0.06** |

[1] On March 13, 2023, the Company issued 625,000 warrants to a consultant at an exercise price of $0.05 for a period of 60 months. The warrants had a fair value of $23,125 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 154%, risk-free rate of return 3.33% and expected life of 5 years.

Expressed in Canadian Dollars

## 11. WARRANTS (Continued)

The following table reflects the warrants issued and outstanding as of December 31, 2023:

| Date of Expiry | Number of warrants outstanding | Exercise price ($) |
|---|---|---|
| April 4, 2025 | 15,840,200 | 0.07 |
| May 4, 2025 | 3,631,000 | 0.07 |
| November 29, 2025 | 1,663,750 | 0.05 |
| February 28, 2028 | 6,452,778 | 0.055 |
| February 28, 2028 | 903,388 | 0.05 |
| March 2, 2028 | 3,948,472 | 0.055 |
| March 2, 2028 | 600,000 | 0.05 |
| March 3, 2028 | 2,250,000 | 0.055 |
| March 10, 2028 | 1,925,000 | 0.055 |
| March 13, 2028 | 18,337,649 | 0.055 |
| March 13, 2028 | 1,022,639 | 0.05 |
| March 16, 2028 | 125,000 | 0.055 |
| | **56,699,876** | **0.06** |

## 12. STOCK OPTIONS

In October 2005, the Company's Board of Directors approved a stock option plan. Under the terms of the Company's stock option plan, a maximum of 10% of the then issued and outstanding common shares are reserved for issuance to the Company's directors, officers, employees and eligible consultants. The stock option plan was approved by the Company's non-participatory shareholders on May 24, 2006 and is re-approved each successive year at the Annual General Meeting.

The following table reflects the continuity of stock options for the years ended December 31, 2023 and 2022:

| | Number of stock options | Weighted average exercise price ($) |
|---|---|---|
| **Balance, December 31, 2021** | **16,100,000** | **0.07** |
| Granted (i)(ii) | 2,700,000 | 0.05 |
| Expired / Forfeited | (3,900,000) | 0.09 |
| **Balance, December 31, 2022** | **14,900,000** | **0.06** |
| Granted (iii) | 5,000,000 | 0.05 |
| Expired / Forfeited | (800,000) | 0.06 |
| **Balance, December 31, 2023** | **19,100,000** | **0.06** |

(i) On March 14, 2022, the Company granted stock options to purchase 900,000 common shares at $0.05 per share to a director. The options will expire on March 14, 2025. One-third of the options vest on each of July 14, 2022, November 14, 2022 and March 14, 2023. The options were valued at their grant date fair value of $0.039 per option for a total of $35,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 172%; share price of $0.05; exercise price of $0.05; risk-free interest rate of 1.79% and an expected life of 3 years.

Expressed in Canadian Dollars

## 12. STOCK OPTIONS (Continued)

(ii) On June 27, 2022, the Company granted stock options to purchase 1,800,000 common shares at $0.05 per share to a director. The options will expire on June 27, 2025. The options vested immediately and were valued at their grant date fair value of $0.035 per option for a total of $63,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 176%; share price of $0.04; exercise price of $0.05; risk-free interest rate of 3.21% and an expected life of 3 years.

(iii) On January 10, 2023, the Company granted 5,000,000 stock options to members of the board, officers, technical advisory committee, and consultants. The stock options granted at an exercise price of $0.05 for a period of three years and vest immediately. The options were valued at their grant date fair value of $0.052 per option for a total of $162,500 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 179%; share price of $0.055; exercise price of $0.08; risk-free interest rate of 0.59% and an expected life of 5 years.

Expected volatilities used in the Black Scholes option pricing model were based on the Company's historical share prices.

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2023:

| Expiry date | Options outstanding | Options exercisable | Exercise price ($) | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| April 23, 2024 | 200,000 | 200,000 | 0.05 | 0.31 |
| November 1, 2024 | 1,000,000 | 1,000,000 | 0.05 | 0.84 |
| November 17, 2024 | 3,000,000 | 3,000,000 | 0.05 | 0.88 |
| March 14, 2025 | 900,000 | 900,000 | 0.050 | 1.20 |
| June 27, 2025 | 1,800,000 | 1,800,000 | 0.05 | 1.49 |
| July 24, 2025 | 1,775,000 | 1,775,000 | 0.085 | 1.56 |
| August 14, 2025 | 200,000 | 200,000 | 0.07 | 1.62 |
| August 17, 2025 | 300,000 | 300,000 | 0.07 | 1.63 |
| September 2, 2025 | 650,000 | 650,000 | 0.06 | 1.67 |
| October 8, 2025 | 800,000 | 800,000 | 0.065 | 1.77 |
| January 10, 2026 | 5,000,000 | 5,000,000 | 0.05 | 2.03 |
| February 18, 2026 | 2,825,000 | 2,825,000 | 0.08 | 2.14 |
| February 22, 2026 | 50,000 | 50,000 | 0.055 | 2.15 |
| March 29, 2026 | 200,000 | 200,000 | 0.070 | 2.24 |
| April 18, 2026 | 400,000 | 400,000 | 0.070 | 2.30 |
| | **19,100,000** | **19,100,000** | **0.06** | **1.63** |

Expressed in Canadian Dollars

## 13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and other key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the Directors, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary.

Remuneration of key management personnel of the Company are presented below:

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|
| Management and directors fees | **$ 200,000** | $ 198,250 |
| Professional fees | **129,500** | 96,000 |
| Consulting fees | **-** | 82,181 |
| Share-based payments | **49,500** | 43,850 |
| | **$ 379,000** | $ 420,281 |

As at December 31, 2023, related parties were owed $58,848 (December 31, 2022 - $63,000) recorded in accounts payable and accrued liabilities. Amounts owing to related parties are non-interest bearing and have no repayment terms.

## 14. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, share warrant reserves and share-based payment reserve in the amount of $21,900,542 (2022 - $16,785,946). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company expects to spend its existing working capital and raise additional amounts as needed primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financing requires the approval of the Board of Directors. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

The Company is not subject to any externally imposed capital requirements.

Expressed in Canadian Dollars

## 15. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Fair Value of Financial Instruments

The fair value hierarchy is comprised of three levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). As at December 31, 2023 and 2022, the Company had no financial instruments valued using the fair value hierarchy.

As at December 31, 2023 and 2022, the carrying value of the Company's cash, receivables (excluding HST receivable), accounts payable and accrued liabilities and promissory note represent their fair values due to their short-term nature. The carrying value of the loan payable approximates its fair value due to the immaterial amount of interest rate risk associated with the financial liability.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is maintained at a major financial institution with reputable credit and therefore management believes credit risk to be minimal. The Company's maximum exposure to credit risk is the carrying value of cash. The Company's management of credit risk has not changed materially from that of the prior year.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficult in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2023, the Company had a cash balance of $2,545,080 (2023 - $147,985) to settle current liabilities of $909,069 (2022 - $737,718). If additional financing in the near term is delayed, the Company may consider the sale of non-core assets to assist it in meeting its ongoing capital requirements. The Company's accounts payable and accrued liabilities are generally due within 30 days and are subject to normal trade terms. The Company's management of liquidity risk has not changed materially from that of the prior year.

The following table details the Company's contractual maturities for its financial liabilities:

| | Less than 1 year | 1-2 years | 2-3 years | Total |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 417,925 | $ - | $ - | $ 417,925 |
| Promissory note | 258,881 | - | - | 258,881 |
| Loan payable | 40,000 | - | - | 40,000 |
| | $ 716,806 | $ - | $ - | $ 716,806 |

## 15. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company's management of market risk has not changed materially from that of the prior year.

(a) Interest Rate Risk

Interest rate risk is the risk related to the fair value or future cash payments of interest-bearing financial instruments due to changes in interest rates. Interest rate risk consists of two components; to the extent that payments are made or received on the Company's monetary assets or liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that the prevailing market interest rates differ from the interest rate on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk. The Company has cash balances subject to nominal interest rate. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has a promissory note with a fixed interest rate and a loan payable which is interest-free if paid before January 18, 2024 (note 18(i)).

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are cause by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market (other than interest rate risk and foreign currency risk). The Company is indirectly exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## 16. COMMITMENTS AND CONTINGENCIES

*Environmental*

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.

*Flow-through commitments*

The Company is obligated to spend approximately $2,241,000 by December 31, 2024. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for certain tax-related amounts that may become payable by the subscribers if the Company does not meet its expenditure commitments.

**Expressed in Canadian Dollars**

## 17. INCOME TAXES

a) Provision for income taxes

Major items causing the Company's tax rate to differ from the combined federal and provincial statutory rate of 26.5% (2022 - 26.5%) are as follows:

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|
| Loss before income taxes | **$ (1,977,971)** | $ (1,423,474) |
| Income tax recovery at the statutory rate | **524,000** | 377,000 |
| Adjustments: | | |
| Non-deductible expenses and other | **(18,000)** | (25,000) |
| Impact of flow-through shares | **(90,000)** | - |
| Share issuance cost | **59,000** | - |
| Benefit of tax assets not recognized | **(475,000)** | (352,000) |
| **Total income tax expense (recovery)** | **$ -** | **$ -** |

b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

| | As at December 31, 2023 | As at December 31, 2022 |
|---|---|---|
| Non-capital loss carry-forwards | **$ 3,225,000** | $ 2,767,000 |
| Canadian development and exploration expenditures | **917,000** | 939,000 |
| Share issuance costs | **66,000** | 27,000 |
| Equipment | **1,000** | 1,000 |
| | **4,209,000** | 3,734,000 |
| Deferred tax benefits not recognized | **(4,209,000)** | (3,734,000) |
| **Deferred tax assets** | **$ -** | **$ -** |

As at December 31, 2023, the Company has federal non-capital loss carry forwards of approximately $11,971,000 for Canadian income tax purposes which expire between 2027 and 2043 and approximately $3,456,000 of various classes of exploration expenditures, which under certain circumstances can be used to reduce the taxable income of future years.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

## 18. SUBSEQUENT EVENTS

(i) In January 2024, the Company repaid 75% of the government guaranteed loan ($30,000) as the Company was entitled to the 25% forgiveness provision.

(ii) In January 2024, the Company granted 6,675,000 stock options to directors, officers, technical advisory committee, and consultants. The stock options granted at an exercise price of $0.05 for a period of three years from the date of and vest immediately. The Company also cancelled 425,000 existing options. Subsequent to December 31, 2023, 200,000 stock options with an exercise price of $0.05 expired unexercised.

**18. SUBSEQUENT EVENTS (Continued)**

(iii) In January 2024, the Company entered into two consulting agreements with officers of the Company where each of them are paid a monthly fee and they each are entitled to compensation upon a change in control event. They also each receive a bonus for certain milestones.

(iv) Subsequent to December 31, 2023, the Company issued 1,860,000 common shares to arm's length parties for the settlement of $93,000 of debt.

(v) On January 10, 2024, PTX Metals acquired a claims package near the W2 Project from Gungnir Resources Inc. ("Gungnir"). PTX Metals paid $30,000 and issued 3,000,000 PTX Metals shares to Gungnir. The PTX Metals shares were issued at a price of $0.04 and are subject to the standard 4-month and a day hold period. PTX Metals also granted Gungnir a 2% net smelter returns royalty on the claims (the “Royalty Interest”), which the Company may repurchase 1% for $500,000.

(vi) On April 17, 2024, the Company closed the first tranche of a non-brokered flow-through private placement raising $300,000 consisting of 7,500,000 units at a price of $0.04 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each warant is exercisable into one non-flow-through common share at a price of $0.05 per share at any time on or before the exercise date, which is 24 months after the closing date of the offering.

(vii) On April 18, 2024, the Company extended the promissory note for another two 6 months (maturing May 9, 2025) with the payment of an additional 2% renewal fee (note 8). In addition, the Company has the option to extend the promissory note for another two 6 month extensions with the payment of a 2% renewal fee. All other terms and conditions remain unchanged.