Peloton Minerals Corporation

Consolidated Financial Statements

(Expressed in United States Dollars)

For the Years Ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Peloton Minerals Corporation

Opinion

We have audited the consolidated financial statements of Peloton Minerals Corporation (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, changes in deficiency and 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 International Financial Reporting 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 indicates that the Company incurred a net loss of $637,783 and had negative cash flows from operations of $773,371 during the year ended December 31, 2023 and, as of that date, the Company had an accumulated deficit of $15,499,134, and a working capital deficiency of $929,929. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainties exists that may cast significant doubt upon 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises Management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statementss does not cover the other information and we do not and will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting 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.

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 Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 29, 2024
Toronto, Ontario

Peloton Minerals Corporation
Consolidated Statements of Financial Position
(Expressed in United States Dollars)
As at

	December 31, 2023	December 31, 2022
Assets		
Current		
Cash	**$ 38,818**	$ 13,027
HST receivable	**1,562**	-
Share subscription receivable	**6,805**	-
Prepaid expenses	**19,910**	24,883
Total Current Assets	**67,095**	37,910
Investment (Note 4)	**1,510,111**	-
Equipment (Note 5)	**22,700**	31,780
Reclamation bonds (Note 7)	**44,701**	44,701
Total Assets	**$ 1,644,607**	$ 114,391
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 8 and 16)	**$ 840,317**	$ 888,323
Convertible debenture (Note 9)	**100,000**	100,000
Loan payable (Note 10)	**56,707**	-
Total Current Liabilities	**997,024**	988,323
Derivative liability - convertible debenture (Note 9)	**167,078**	138,152
Derivative liability - foreign currency warrants (Note 12)	**2,531,451**	1,721,427
Deposit for shares to be issued	**3,677**	-
Total Liabilities	**3,699,230**	2,847,902
Shareholders' Deficiency		
Capital stock (Note 11)	**11,006,001**	10,798,104
Contributed surplus (Note 12)	**2,438,510**	2,321,535
Accumulated other comprehensive income	-	5,046
Deficit	**(15,499,134)**	(15,577,381)
Deficiency attributable to shareholders of Peloton	**(2,054,623)**	(2,452,696)
Non-controlling interest (Note 14)	**-**	(280,815)
Total Deficiency	**(2,054,623)**	(2,733,511)
Total Liabilities and Deficiency	**$ 1,644,607**	$ 114,391

Nature of Operations and Going Concern (Note 1)
Commitments (Note 19)
Subsequent Event (Note 20)

Approved by the Board **"Edward Ellwood"** Director **(Signed)** **"Eric Plexman"** Director **(Signed)**

See accompanying notes.

Peloton Minerals Corporation

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)
Years Ended December 31, 2023 and 2022

	2023	2022
Expenses		
Office and administrative costs (Note 16)	$ **636,323**	$ 563,586
Professional fees	**96,563**	95,530
Exploration and evaluation expenditures (Note 6)	**444,623**	535,798
Stock-based compensation (Note 12)	**90,300**	55,965
Depreciation (Note 5)	**9,080**	9,079
Foreign exchange loss (gain)	**22,678**	(24,369)
	1,299,567	1,235,589
Other expenses (income)		
(Gain) loss on revaluation of foreign currency warrants (Note 12)	**(30,470)**	859,629
Reversal of management and director fees payable (Note 16)	**(132,128)**	(101,885)
Loss on revaluation of derivative liability (Note 9)	**28,926**	69,298
Fair value of warrants extended (Note 12)	**679,053**	74,432
Interest income	**(31)**	-
Gain from loss on control of subsidiary (Note 14)	**(1,185,365)**	-
Gain on fair value adjustment of investment	**(21,769)**	-
	(661,784)	901,474
Net loss for the year	**(637,783)**	(2,137,063)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustment	**523**	10,359
Comprehensive loss	$ **(637,260)**	$ (2,126,704)
Net loss attributable to:		
Shareholders of Peloton	$ **(387,428)**	$ (1,905,179)
Non-controlling interest (Note 14)	**(250,355)**	(231,884)
	$ **(637,783)**	$(2,137,063)
Other comprehensive income (loss) attributable to:		
Shareholders of Peloton	$ **(36)**	$ 5,046
Non-controlling interest (Note 14)	**559**	5,313
	$ **523**	$ 10,359
Comprehensive loss attributable to:		
Shareholders of Peloton	$ **(387,464)**	$(1,900,133)
Non-controlling interest (Note 14)	**(249,796)**	(226,571)
	$ **(637,260)**	$(2,126,704)
Loss per share (Note 13)		
Basic and diluted	$ **(0.005)**	$ (0.019)
Weighted average number of common shares outstanding (Note 13)		
Basic and diluted	**121,222,357**	115,441,233

See accompanying notes

Peloton Minerals Corporation
Consolidated Statements of Changes in Deficiency
(Expressed in United States Dollars)
Years Ended December 31, 2023 and 2022

	Number of Shares (Note 11)	Capital Stock (Note 11)	Contributed Surplus (Note 12)	Accumulated Other Comprehensive Income	Deficit (Note 13)	Attributable to Shareholders of Peloton	Non-controlling Interest	Total Deficiency
Balance, January 1, 2022	**113,334,421**	**$ 10,653,946**	**$ 2,265,570**	$ -	**$ (13,942,733)**	**$ (1,023,217)**	**$ -**	**$ (1,023,217)**
Net loss and comprehensive loss	-	-	-	-	(1,905,179)	(1,905,179)	(231,884)	(2,137,063)
Foreign currency translation adjustment	-	-	-	5,046	-	5,046	5,313	10,359
Units issued for cash (Note 11)	5,253,038	203,570	-	-	-	203,570	-	203,570
Units issued for exploration services (Note 11)	360,000	13,990	-	-	-	13,990	-	13,990
Allocated to warrants (Note 11)	-	(72,367)	-	-	-	(72,367)	-	(72,367)
Units issuance fees (Note 11)	-	(1,035)	-	-	-	(1,035)	-	(1,035)
Units issued by subsidiary to non-controlling interest (Note 14)	-	-	-	-	270,531	270,531	(54,244)	216,287
Stock-based compensation (Note 12)	-	-	55,965	-	-	55,965	-	55,965
Balance, December 31, 2022	**118,947,459**	**$ 10,798,104**	**$ 2,321,535**	**5,046**	**$ (15,577,381)**	**$ (2,452,696)**	**$ (280,815)**	**$ (2,733,511)**
Net loss and comprehensive loss	-	-	-	-	(387,428)	(387,428)	(250,355)	(637,783)
Foreign currency translation adjustment	-	-	-	(36)	-	(36)	559	523
Units issued for cash (Note 11)	6,076,499	407,180	-	-	-	407,180	-	407,180
Allocated to warrants (Note11)	-	(161,441)	-	-	-	(161,441)	-	(161,441)
Units issuance fees (Note11)	-	(11,167)	-	-	-	(11,167)	-	(11,167)
Broker units (Note 11)	-	(26,675)	26,675	-	-	-	-	-
Units issued by subsidiary to non-controlling interest (Note 14)	-	-	-	-	465,675	465,675	(3,230)	462,445
Stock-based compensation (Note 12)	-	-	90,300	-	-	90,300	-	90,300
Deconsolidation of Celerity (Note 14)	-	-	-	(5,010)	-	(5,010)	533,841	528,831
Balance, December 31, 2023	**125,023,958**	**$ 11,006,001**	**$ 2,438,510**	**$ -**	**$ (15,499,134)**	**$ (2,054,623)**	**$ -**	**$ (2,054,623)**

Peloton Minerals Corporation
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
Years Ended December 31, 2023 and 2022

	2023	2022
Cash provided by (used in)		
Operations		
Net loss	**$ (637,783)**	$ (2,137,063)
Items not affecting cash:		
Gain from loss on control of subsidiary	**(1,185,365)**	-
Loss on revaluation of derivative liability	**28,926**	69,298
(Gain) loss on revaluation of foreign currency warrants	**(30,470)**	859,629
Reversal of management and director fees payable	**(132,128)**	(101,885)
Depreciation	**9,080**	9,079
Fair value of warrants extended	**679,053**	74,432
Stock-based compensation	**90,300**	55,965
Gain on fair value adjustment of investment	**(21,769)**	-
Services compensated with shares	-	13,990
	(1,200,156)	(1,156,555)
Net changes in non-cash working capital:		
HST receivable	**(2,858)**	13,600
Prepaid expenses	**4,973**	58,999
Accounts payable and accrued liabilities	**424,670**	458,991
	(773,371)	(624,965)
Investing		
Reclamation bonds	**-**	(384)
Cash eliminated on deconsolidation	**(113,997)**	-
Proceeds on disposal of investment	**8**	-
	(113,989)	(384)
Financing		
Proceeds from share issuances, net	**389,208**	202,535
Shares issuance in subsidiary (Note 14)	**462,445**	216,287
Proceeds from loan payable	**56,707**	-
Deposit for shares to be issued	**4,791**	-
	913,151	418,822
Net change in cash during the year	**25,791**	(206,527)
Cash, beginning of year	**13,027**	219,554
Cash, end of year	**$ 38,818**	$ 13,027
Non-cash transactions:		
Warrant extensions	**$ 679,053**	$ 74,432
Shares for services	**$ -**	$ 13,990
Settlement of receivable for investment (Note 4)	**$ 119,047**	$ -

See accompanying notes

1. NATURE OF OPERATIONS AND GOING CONCERN

Peloton Minerals Corporation (the “Company" or "Peloton") was incorporated under the Ontario Business Corporations Act on December 21, 2000. The Company has five wholly-owned subsidiary corporations: ES Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana in August 2023, GT Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on August 28, 2012; IV Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on December 11, 2020; SBSL Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on October 15, 2018; and TC Subsidiary Corporation, a United States corporation incorporated under the laws of the State of Montana on August 28, 2012. In addition, it owns 17.16% (2022 – 48.71%) of Celerity Mineral Corporation, a Canadian corporation incorporated on April 15, 2012, of which it lost control during the year (Note 14).

The Company is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned revenues and is considered to be in the exploration stage. The head office and principal address of the Company is 380 Wellington Street, 6th Floor, London City Centre, Tower B, London, Ontario, N6A 5B5.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. During the year ended December 31, 2023 the Company had a net loss of $637,783 (2022 – net loss of $2,137,063) and negative cash flows from operations of $773,371 (2022 - $624,965). As of that date, the Company had accumulated a deficit of $15,499,134 (2022 - $15,577,381) and a working capital deficiency of $929,929 (2022 – Working capital deficiency of $950,413).

As is common with exploration companies, the Company's ability to continue as a going concern is dependent upon obtaining necessary equity financing to finance its ongoing and planned exploration activities and to cover administrative costs, the discovery of economically recoverable resources, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering agreements with others to explore and develop the mineral properties and future profitable production or proceeds from disposition of such properties. However, there can be no assurances that the Company will be able to obtain financing. These factors create material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments may be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

The consolidated financial statements of the Company were approved by the Board of Directors on April 29, 2024.

A summary of the Company’s material accounting policy information under IFRS are presented below. These policies have been consistently applied.

Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in United States dollars, which is also the Company's and United States subsidiaries’ functional currency. The functional currency of Celerity Mineral Corporation is the Canadian dollar.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

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

Information regarding significant areas of estimation, uncertainty and critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to:

Valuation of stock options and warrants issued

The fair value valuation of stock options and warrants require that management estimates the inputs used in the Black-Scholes pricing model, such as estimated volatility and life of the stock options based on information at each reporting date, and forfeiture rate for options.

Valuation of the convertible debenture

Management estimated the fair value of the debt component of the convertible debentures by determining the estimated timing of future debt and interest payments pursuant to the terms of the debt agreement and a discount rate equal to the estimated rate of return for a similar debt instrument but having no conversion features. The amount allocated to the debt and equity components would vary with changes in the estimated cash flows and the discount rate.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Basis of Measurement (Cont'd)

Valuation of the derivative liability and foreign currency warrants

The fair value valuation of derivative liability and foreign currency warrants require that the management estimates the inputs used in the Black-Scholes pricing model such as estimated volatility and life of the financial instruments based on information at each reporting period.

Determination of the functional currency of the Company

Management has made determinations with respect to its functional currency in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," and as such has determined that the functional currency of the Company and its United States subsidiaries is the United States dollar and that the functional currency of Celerity is the Canadian dollar.

Control and significant influence over investee

Management has made the determination that the Company controlled Celerity Mineral Corporation ("Celerity") up to December 14, 2023 even though it owned less than 50% of the voting rights as it had the ability to control the Board of Directors of Celerity which approved relevant activities that affect the Company's returns and it was exposed to variable returns from its investment in Celerity. Accordingly, Celerity was consolidated within the Company's consolidated financial statements up to December 14, 2023. After December 14, 2023, the Company has assessed that it has lost control as it owns less than 18% of the voting rights and no longer control the Board of Directors, and thus Celerity was deconsolidated.

Management has assessed the level of influence that the Company has on Celerity after December 14, 2023, of which it holds less than 18% of the shareholdings and concluded that the Company does not have significant influence over Celerity as it has limited power to influence its financial and operating policy decisions.

Valuation of investment

The fair value of shares and warrants in unlisted equity instruments is estimated by management based on the price of the most recent funding round involving external investors, adjusted where appropriate, for various shareholder categories rights.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, ES Subsidiary Corporation (United States), TC Subsidiary Corporation (United States), SBSL Subsidiary Corporation, GT Subsidiary Corporation (United States) and IV Subsidiary Corporation (United States). The functional currency of each of these entities is the United States dollar. In addition, the consolidated financial statements also included the account of Celerity Mineral Corporation (Canada) which was considered a subsidiary up to December 14, 2023, the date the Company lost control (Note 14). The functional currency of Celerity Mineral Corporation is the Canadian dollar. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Celerity Mineral Corporation was no longer consolidated after December 14, 2023, the date the Company lost control of Celerity.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Deconsolidation

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity on the date it loses control. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost and no significant influence exists.

Financial Instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

Classification and measurement of the financial instruments is as follows

Financial Instrument	Classification
Cash	Amortized cost
Share subscription receivable	Amortized cost
Investment	FVTPL
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Derivative liability – convertible debenture	FVTPL
Derivative liability - foreign currency warrants	FVTPL
Convertible debenture	Amortized cost

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial Instruments (Cont'd)

Financial assets are derecognized when the Company's rights to cash flows from the respective assets have expired or have been transferred and the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of loss and comprehensive loss.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are unobservable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The Company's financial instruments measured at fair value on the statement of financial position consist of foreign currency warrants and derivative liability. Foreign currency warrants and derivative liability are measured at level 2 of the fair value hierarchy. There have been no transfers between levels.

Under IFRS 9, the Company apply a forward-looking expected credit loss ("ECL") model, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The three-stage approach to recognizing ECL under IFRS 9 is intended to reflect the increase in credit risks of a financial instrument and are:

- Stage 1 is comprised of all financial instruments that have not had a significant increase in credit risks since initial recognition or that have low credit risk at the reporting date. The Company recognizes an impairment loss for those financial instrument at an amount equal to twelve month expected credit loss following the balance sheet date.
- Stage 2 is comprised of all financial instruments that have had a significant increase in credit risks since initial recognition but that do not have objective evidence of a credit loss event. The Company recognizes an impairment loss for those financial instruments at an amount equal to the lifetime expected credit losses.
- Stage 3 is comprised of all financial instruments that have objective evidence of impairment at the reporting date. The Company recognizes an impairment loss for those financial instruments at an amount equal to the lifetime expected credit losses.

Impairment losses are recorded in the consolidated statement of comprehensive income with the carrying amount of the financial asset reduced through the use of impairment allowance accounts.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial Instruments (Cont'd)

The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

Mining Claims - Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and exploration and evaluation activities technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Impairment

At the end of each reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU's") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Convertible Debenture

The convertible debenture is convertible into units in Canadian Dollars and the Company's functional currency is US Dollars. As a result the instrument contains an embedded derivative liability.

The proceeds received on issuance of the Company's convertible debenture are allocated to the host debt and derivative liability components. The fair value of the components is determined based on a relative fair value approach.

The host debt component was discounted using interest rates that would have been applicable to a non-convertible debenture of the Company at the time of issue. The derivative liability feature was measured using the Black-Scholes option pricing model. The derivative liability is fair valued at each statement of financial position date using the Black-Scholes option pricing model.

The host debt component accretes up to the principal balance at maturity with the accretion expense included in the consolidated statements of comprehensive income and loss. The derivative liability component will be reclassified to capital stock on conversion.

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the consolidated statement of financial position date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the consolidated statement of loss and comprehensive loss.

Financial statements of consolidated entities that have a functional currency other than the United States dollar are translated into the presentation currency as follows: (i) assets and liabilities for each statement of financial position presented are translated at the rate of exchange in effect as at the date of the statement of financial position (ii) income and expenses for each statement of operations are translated as the average rates of exchange in effect during the reporting period and (iii) all resulting exchange differences are recognized in accumulated other comprehensive income.

Stock-based Compensation Transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options issued for employee services is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued for non-employee services and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, the stock-based compensation is measured at the fair value of goods or services received.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date, that are expected to be in effect at the time of utilization of the deferred tax.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Common shares are classified as equity. Amounts received for units issued are allocated between common shares and warrants based on relative fair value method. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Earnings/Loss Per Share

The Company presents basic and diluted income/loss per share data for its common shares. Basic income/loss per share is calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. Diluted income per share does not adjust the loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Restoration Liabilities

The Company recognizes the fair value of restoration liabilities related to statutory, contractual or legal obligations associated with the retirement of mining claims in the year in which it is incurred when a reasonable estimate of fair value can be made, in which case the carrying amount of the related mining claim is increased by the same amount as the net present value of the restoration liability. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The Company's estimates of such costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures and changes in the net present value.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Related Party Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reasonable estimate can be made of the amount of the obligation. Provisions for legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Warrants Denominated in a Foreign Currency

Warrants denominated in a currency different from the functional currency of the Company, called foreign currency warrants in these consolidated financial statements, meet the definition of a derivative financial liability and are fair valued at each statement of financial position date using the Black-Scholes option pricing model, with changes in the fair value recognized in the consolidated statement of loss and comprehensive loss.

Warrants that are issued as compensation for services are classified as equity and are presented as contributed surplus and are not subsequently revalued.

Equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Equipment are depreciated using the straight-line method over the estimated useful life of 10 years and are depreciated from the time they are available for use. The residual value, useful life and depreciation method are reviewed at least annually.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

3. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new accounting standard

Amendments to IAS 1, Disclosure of Accounting Policies

On February 12, 2021, the IASB issued Disclosure Initiative of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments helped entities provide useful accounting policy disclosures. The key amendments included requiring entities to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments were adopted by the Company when they became effective on January 1, 2023. The adoption of the amendments did not have a material impact on the Company's consolidated financial statements.

Future accounting pronouncements

The accounting pronouncements detailed below have been issued but are not yet effective. The Company does not expect the impact of applying these standards to be significant on its consolidated financial statements.

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently evaluating the impact of these amendments on its consolidated financial statements and will apply the amendments from the effective date.

4. INVESTMENT

At December 31, 2023, the Company held 6,657,457 common shares (representing 17.16% interest) of Celerity which is recorded at fair value through profit and loss and 537,457 warrants, exercisable at $0.38 - $0.57 ($0.50 - $0.75 CDN) into common shares of Celerity for 2 years following listing on a stock exchange. The fair value of the warrants have been estimated at $Nil. If the Company were to exercise all the warrants as at December 31, 2023, it would hold 18.29% of Celerity at that date.

Prior to December 14, 2023, the Company had control over Celerity and presented the assets, liabilities, reserves and results of operations of Celerity in its consolidated financial statements. On December 14, 2023, the Company deconsolidated Celerity and recognized a gain on deconsolidation of $1,185,365 (Note 14).

On December 18, 2023, Celerity settled $119,047 ($161,237 CDN) owing to the Company by issuing 537,457 units, with each unit consisting of one common share and one share purchase warrant exercisable for 2 years following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 for a period of up 12 months after listing date and $0.75 for an additional 12 months thereafter.

(Expressed in United States Dollars)

4. INVESTMENT (Cont'd)

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Company's investments fall as at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investment - shares	$ -	$1,510,111	$ -	$1,510,111
Investment - warrants	$ -	$ -	$ -	$ -

5. EQUIPMENT

Cost	December 31, 2021	Additions	December 31, 2022	Additions	**December 31, 2023**
Diamond Drilling Equipment	$90,799	$ -	$90,799	$ -	**$90,799**

Accumulated Depreciation	December 31, 2021	Depreciation	December 31, 2022	Depreciation	**December 31, 2023**
Diamond Drilling Equipment	$49,940	$9,079	$59,019	$9,080	**$68,099**

Carrying amount December 31, 2022	$31,780
Carrying amount December 31, 2023	**$22,700**

6. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES

Cumulative spending to date:

	December 31, 2022	Additions	December 31, 2023
Silver Bell St. Lawrence Claims, MT (a)	$ 463,844	$ 5,032	$ 468,876
Independence Valley, NV (b)	51,299	6,738	58,037
Potential acquisition of Boulder Porphyry, MT (c)	627,459	276,562	904,021
Golden Trail Claims, NV (d)	747,598	66,540	814,138
Texas Canyon, NV (d)	94,111	8,190	102,301
Emmigrant Springs, NV (d)	-	81,561	81,561
Cost related to potential property acquisition	74,515	-	74,515
	$ 2,058,826	$ 444,623	$ 2,503,449

(Expressed in United States Dollars)

6. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

	December 31, 2021	Additions	December 31, 2022
Silver Bell St. Lawrence Claims, MT [(a)]	$ 463,800	$ 44	$ 463,844
Independence Valley, NV [(b)]	43,436	7,863	51,299
Potential acquisition of Boulder Porphyry, MT [(c)]	160,495	466,964	627,459
Golden Trail Claims, NV [(d)]	733,696	13,902	747,598
Texas Canyon, NV [(d)]	53,543	40,568	94,111
Cost related to potential property acquisition	68,058	6,457	74,515
	$ 1,523,028	$ 535,798	$ 2,058,826

(a) Silver Bell St. Lawrence

The Company holds 100% interest in the Silver Bell St. Lawrence ("SBSL") property consisting of 10 (December 31, 2022 - 10) mining claims. These claims are subject to a 2% net smelter royalty to an arm's-length party.

The Company also holds 100% interest in 20 (December 31, 2022 - 20) mining claims adjacent to the northern and eastern boundaries of the SBSL property. These mining claims are called the Roar claims.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Montana State Office) in the amount of $165 (2022 - $165) per claim.

On March 15, 2019, the Company, through its wholly owned subsidiary, SBSL Subsidiary Corporation, signed an exploration agreement with Frederick Private Equity Corporation ("Frederick PEC") on the Silver Bell St. Lawrence Gold Project. Under the agreement, Frederick PEC may earn up to 75% interest in the Project by spending a total of US$2,000,000 in exploration expenditures within six years and making annual option payments.

On April 26, 2019, AFR NuVenture Resources Inc. (formerly African Metals Corporation) ("AFR") announced that it had entered into an agreement with Frederick PEC whereby it may acquire initially a 51% interest in the Silver Bell St. Lawrence Project from Frederick PEC. As part of that transaction, AFR has agreed to expend and has expended a minimum of US$200,000 in exploration expenditures in the first year. There is a common director between the Company and Frederick PEC and AFR who recused himself from the approval process of the transactions.

(b) Independence Valley

During July 2016, the Company acquired by staking a 38 mineral claim package located in Elko County, Nevada, about 77 miles south of the Company's Golden Trail Project. The mineral claim package is called the Independence Valley Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local county in the cumulative approximate amount of $177 (2022 - $177) per claim.

6. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

(c) Boulder Porphyry

In 2021, the Company entered into an agreement to acquire 100% of the issued and outstanding shares of privately held Westmount Resources LLC ("Westmount") through the Company's subsidiary, Celerity Mineral Corporation ("Celerity"). Westmount holds a 100% interest in 331 unpatented mineral claims called the Boulder Porphyry Property located approximately 16 miles (26 km) north-northeast of Butte, Montana. The shareholders of Westmount (the "Westmount Shareholders") will be issued 50% of the issued and outstanding shares of Celerity in exchange for their Westmount Shares in this arms-length transaction and US $600,000 to be paid within one year after August 25, 2021, and a 1% net smelter return royalty (NSR) that may be bought down prior to commercial production by one-half for US $5 million. In 2022, the Celerity shares have been issued (Note 14), however the ownership interest in Westmount has not been transferred to Celerity.

Under an amended agreement, the Boulder Property vendors (the "Vendors") and Celerity have agreed to pay the Vendors the US$600,000 in three installments of US$200,000 due on August 25, 2023 and August 25, 2024 and August 25, 2025. The Vendors may also elect to receive one or all of the payments in common share units of Celerity priced at $0.23 (CAD $0.30) per unit, with each unit comprised of one common share and one full warrant to purchase a second common share at an exercise price of $0.38 (CAD $0.50) during the first year after Celerity begins trading and at an exercise price of $0.57 (CAD $0.75) during the second year after Celerity begins trading.

The amended agreement stipulates that if the full US$600,000 is not paid by August 25, 2023 a one-half (1/2) percent NSR shall be granted to the Vendors, or if the remaining balance is not paid by August 25, 2024 a further one-half (1/2) percent NSR shall be granted to the Vendors. If Celerity defaults on any of the minimum US$200,000 payments the Boulder Property reverts back to the Vendors.

On August 14, 2023, the parties agreed to cancel the requirement for cash payments to be made over three years totaling US$600,000, which was part of the original acquisition terms, that Peloton would transfer 11,500,000 common shares it hold in Celerity to Westmount Shareholders and that 100% of the Westmount ownership shall be transferred to Celerity. Peloton completed the transfer of the 11,500,000 common shares on December 14, 2023, as a result of which the Boulder Porphyry is held 100% by Celerity and Peloton's interest in Celerity was reduced to 15.99% with no further cash payments or other obligations to be made.

The NSR in the original agreement shall be reviewed by the Celerity Board to consider the amount and terms in the context of the latest amended agreement and updated as the Celerity Board determines appropriate.

(d) North Elko Lithium Project

The North Elko Lithium Project is comprised of:

(i) Golden Trail

The Company holds 100% interest in the Golden Trail property consisting of 44 (December 31, 2022 - 44) contiguous unpatented mining claims in the Elko County region of Nevada.

(Expressed in United States Dollars)

6. MINING CLAIMS - EXPLORATION AND EVALUATION EXPENDITURES (Cont'd)

(i) Golden Trail (Cont'd)

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local counties in the cumulative approximate amount of $177 (2022 - $177) per claim.

(ii) Texas Canyon

During February 2018, the Company acquired by staking a 44-mineral claim package located in Elko County, Nevada, about five miles west of the Company's Golden Trail Project. The mineral claim package is called the Texas Canyon Project.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management - BLM Nevada State Office) and the local county in the cumulative approximate amount of $177 (2022 - $177) per claim.

(iii) Emmigrant Springs

During 2023, the Company acquired by staking a 329 mineral claim package located in Elko County, Nevada, between and just south of the Company's Golden Trail Project and Texas Canyon Project. The mineral claim package is called the Emmigrant Springs Project. For recording purposes, these claims are registered in the name of a director of the Company and will be transferred to a subsidiary of the Company in 2024. As of April 29, 2024, this transfer has not occurred.

To maintain the staked claims, the Company must pay annual maintenance fees to the Department of the Interior (Bureau of Land Management – BLM Nevada State Office) and the local county in the cumulative approximate amount of $177 per claim.

7. RECLAMATION BONDS

As at December 31, 2023, a reclamation bond is being held by the Bureau of Land Management ("BLM") in the amount of $18,675 (December 31, 2022 - $18,675) on the Golden Trail property, $13,927 (December 31, 2022 - $13,927) on the Independence Valley property and $12,099 (December 31, 2022 - $12,099) on the Texas Canyon property. The Company has not recorded a restoration liability as at December 31, 2023 as the Company has not yet disturbed the land at the Golden Trail property, the Independence Valley property or the Texas Canyon property to trigger the recognition of this liability.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a breakdown of the amounts included in accounts payable:

	2023	2022
Trade payables	**$ 97,029**	$ 290,573
Accrued liabilities:		
Management and director fees (Note 16)	**698,678**	557,144
Audit and accounting	**44,610**	40,606
	$ 840,317	$ 888,323

(Expressed in United States Dollars)

9. CONVERTIBLE DEBENTURE

(a) Convertible debenture of $100,000 USD

On August 11, 2015, the Company received $100,000 USD (principal) from an arm's length party in exchange for a convertible debenture. The convertible debenture is due on demand upon six months' notice in writing, with such notice not to be given on or before August 11, 2020. The debenture pays interest at the rate of 4%, payable quarterly, beginning October 1, 2015 with the first payment due December 31, 2015. The convertible debenture, and all principal and interest owing, is convertible, in whole or in part, at the holder's option into units of the Company (the "Unit"). Each Unit consists of one common share and one common share purchase warrant. The conversion price of the debenture is $0.037 ($0.05 CDN) per Unit. Each warrant will entitle the holder to acquire one additional common share at a price of $0.074 ($0.10 CDN) per share until August 11, 2020. Since the conversion into Unit did not happen by August 11, 2020, the warrant component has expired and the debenture is now only convertible into shares.

As security, the Company has pledged the diamond drill rig (Note 5).

If the common shares of the Company trade for ten consecutive trading days on the Canadian Securities Exchange or any other stock exchange or quotation service upon which it happens to trade or be quoted at that time, at a price equal to or greater than $0.151 ($0.20 CDN) per share, this debenture will automatically be converted into units without any action on the part of either the Company or the holder.

(b) Valuation of debenture

The conversion rate of the units and the warrants to be issued on conversion of the above convertible debenture are not in the Company's functional currency and as a result are presented as a derivative financial liability. The Company valued the derivative financial liabilities using the Black-Scholes option pricing model and after valuing the derivative financial liabilities assigned the remaining value to the convertible debenture.

The fair value of the units of debenture were estimated at the issuance date using the Black-Scholes pricing model with the following inputs and assumptions:

Share price	$0.040 CDN
Expected dividend yield	Nil
Exercise price	$0.050 - $0.100 CDN
Risk free interest rate	0.72%
Expected life	5.0 - 5.5 years
Expected volatility (based on historical prices)	210 - 223%

On the date of issuance, the Company determined the amount relating to the units in the convertible debenture to be $76,886.

The fair value of the conversion feature of debenture was revalued at December 31, 2022 using the Black-Scholes option pricing model with the following inputs and assumptions:

Share price	$0.115 CDN
Expected dividend yield	Nil
Exercise price	$0.05 CDN
Risk free interest rate	3.66%
Expected life	0.50 year
Expected volatility (based on historical prices)	104%

(Expressed in United States Dollars)

9. CONVERTIBLE DEBENTURE (Cont'd)

On December 31, 2022, the conversion feature was revalued at $138,152 resulting in a loss on revaluation of derivative liability of $69,298.

The fair value of the conversion feature of debenture was revalued at December 31, 2023 using the Black-Scholes option pricing model with the following inputs and assumptions:

Share price	$0.13 CDN
Expected dividend yield	Nil
Exercise price	$0.05 CDN
Risk free interest rate	4.58%
Expected life	0.50 year
Expected volatility (based on historical prices)	104%

On December 31, 2023, the conversion feature was revalued at $167,078 resulting in a loss on revaluation of derivative liability of $28,926.

(b) Valuation of debenture (Cont'd)

Convertible Debenture	**December 31, 2023**	December 31, 2022
Principal – debenture	**$ 100,000**	$ 100,000
Derivative liability – debenture	**(76,886)**	(76,886)
Accumulated accretion expense	**76,886**	76,886
	$ 100,000	$ 100,000

Derivative Liability	**December 31, 2023**	December 31, 2022
Derivative liability – debenture (fair value on issuance date)	**$ 76,886**	$ 76,886
Fair value adjustment – debenture	**90,192**	61,266
	$ 167,078	$ 138,152

10. LOAN PAYABLE

On August 24, 2023, the Company received a loan of $56,707 ($75,000 CDN) from an arm's length party. The loan is due on demand six months later and bear interest at 6%, payable quarterly. The proceeds of the loan can, at the holder's option, be used to participate in a future private placement of the Company.

(Expressed in United States Dollars)

11. CAPITAL STOCK

Authorized

Unlimited common shares

Issued and outstanding common shares

	Number of Shares	Value
Balance, January 1, 2022	**113,334,421**	**$ 10,653,946**
Units issued for cash[(a)]	5,253,038	203,570
Units issued for exploration services[(a)]	360,000	13,990
Allocated to warrants [(a)]	-	(72,367)
Share issuance costs [(a)]	-	(1,035)
Balance, December 31, 2022	**118,947,459**	**$ 10,798,104**
Units issued for cash[(b)]	6,076,499	407,180
Allocated to warrants [(b)]	-	(161,441)
Share issuance costs [(b)]	-	(37,842)
Balance, December 31, 2023	**125,023,958**	**$ 11,006,001**

(a) (i) On August 16, 2022, the Company issued 5,613,038 units at $0.05 CDN per unit for proceeds of $217,560 ($280,651 CDN), of which 360,000 units were issued for exploration services of $13,990 ($18,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.10 CDN up to August 16, 2025.

The fair value of these warrants was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.065 CDN
Expected dividend yield	Nil
Exercise price	$0.10 CDN
Risk free interest rate	1.00%
Expected life	3.0 years
Expected volatility (based on historical prices)	94%

The Company determined the amount relating to the warrants in the unit issuance to be $72,367, based on a relative fair value allocation on proceeds to shares and share purchase warrants.

(b) (i) On May 31, 2023, the Company issued 1,798,889 units at $0.09 CDN per unit for proceeds of $120,423 ($161,900 CDN) and incurred issuance costs of $715. Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.12 CDN up to May 31, 2026.

The fair value of these warrants was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.12 CDN
Expected dividend yield	Nil
Exercise price	$0.12 CDN
Risk free interest rate	1.69%
Expected life	3.0 years
Expected volatility (based on historical prices)	101%

(Expressed in United States Dollars)

11. CAPITAL STOCK (Cont'd)

The Company determined the amount relating to the warrants in the unit issuance to be $45,996, based on a relative fair value allocation on proceeds to shares and share purchase warrants.

(ii) On June 23, 2023, the Company issued 1,741,999 units at $0.09 CDN per unit for proceeds of $118,210 ($156,779.91 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.12 CDN up to June 23, 2026.

The fair value of these warrants was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.12 CDN
Expected dividend yield	Nil
Exercise price	$0.12 CDN
Risk free interest rate	1.78%
Expected life	3.0 years
Expected volatility (based on historical prices)	103%

The Company determined the amount relating to the warrants in the unit issuance to be $46,271, based on a relative fair value allocation on proceeds to shares and share purchase warrants.

(iii) On July 28, 2023, the Company issued 611,111 units at $0.09 CDN per unit for proceeds of $41,399 ($55,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.12 CDN up to July 28, 2026.

The fair value of these warrants was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.10 CDN
Expected dividend yield	Nil
Exercise price	$0.12 CDN
Risk free interest rate	1.92%
Expected life	3.0 years
Expected volatility (based on historical prices)	110%

The Company determined the amount relating to the warrants in the unit issuance to be $16,152, based on a relative fair value allocation on proceeds to shares and share purchase warrants.

(iv) On December 22, 2023, the Company issued 1,924,500 units at $0.09 CDN per unit for proceeds of $127,148 ($173,205 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 3 years. Each warrant entitles the holder to purchase one share at a price of $0.12 CDN up to December 22, 2026.

The fair value of these warrants was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.12 CDN
Expected dividend yield	Nil
Exercise price	$0.12 CDN
Risk free interest rate	2.51%
Expected life	3.0 years
Expected volatility (based on historical prices)	113%

(Expressed in United States Dollars)

11. CAPITAL STOCK (Cont'd)

The Company determined the amount relating to the warrants in the unit issuance to be $53,022, based on a relative fair value allocation on proceeds to shares and share purchase warrants.

The Company paid a finder's fee consisting of $10,452 ($13,856 CDN) in cash and 192,450 broker warrants with each broker warrant exercisable at $0.09 CDN within five years to purchase additional private placement units consisting of one common share and one common share purchase warrant exercisable for five years at 0.12 CDN.

The fair value of these broker warrants of $26,675 was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.12 CDN
Expected dividend yield	Nil
Exercise price	$0.09 - $0.12 CDN
Risk free interest rate	1.87%
Expected life	5.0 years
Expected volatility (based on historical prices)	100%

12. STOCK OPTIONS AND WARRANTS

(a) Stock Options

During 2023, the shareholders of the Company approved a Security-Based Compensation Plan (the "Compensation Plan") to replace the Company's existing Stock Option Plan for the benefit of employees, directors, officers and third parties. The Compensation Plan allows for the Company to issue stock options, deferred share units, restricted share units, share appreciation rights, and/or any other security-based compensation plan that is acceptable to the regulatory authorities, including the Canadian Securities Exchange (the "Exchange") or any other stock exchange where the shares of the Company may be listed. The Compensation Plan is a hybrid plan with 10 percent rolling for stock options and fixed up to 10 percent for other awards. The exercise price of awards granted under the Compensation Plan will be determined by the directors, but will be at least equal to the closing trading price for the common shares for the last trading day prior to the grant and otherwise the fair market price as determined by the Board of Directors. The term of any award granted shall not exceed ten years. Except as otherwise provided elsewhere in the Stock Option Plan, the options shall be cumulatively exercisable in installments over the option period at a rate to be fixed by the Board of Directors. Outstanding stock option agreements were rolled into the Compensation Plan.

	2023		2022	
	Number of Options	**Weighted Average Exercise Price (CDN)**	Number of Options	Weighted Average Exercise Price (CDN)
Outstanding, beginning of year	**9,550,000**	**$ 0.11**	10,400,000	$ 0.11
Granted	**1,500,000**	**$ 0.11**	2,550,000	$ 0.10
Expired	**(1,500,000)**	**$ 0.11**	(2,800,000)	$ 0.10
Cancelled	**-**	**$ -**	(600,000)	$ 0.10
Outstanding, end of year	**9,550,000**	**$ 0.11**	9,550,000	$ 0.11
Exercisable	**9,550,000**	**$ 0.11**	9,550,000	$ 0.11

(Expressed in United States Dollars)

12. STOCK OPTIONS AND WARRANTS (Cont'd)

(a) Stock Options (Cont'd)

The Company had the following stock options outstanding at December 31, 2023:

Number of Options	Exercise Price	Expiry Date
100,000	CDN $0.100	February 1, 2024
2,600,000	CDN $0.100	June 7, 2024
500,000	CDN $0.100	June 7, 2024
150,000	CDN $0.120	October 15, 2025
2,150,000	CDN $0.135	December 18, 2025
2,550,000	CDN $0.100	June 10, 2027
1,000,000	CDN $0.110	June 9, 2028
500,000	CDN $0.110	November 29, 2028
9,550,000		

The above options were not included in the computation of diluted net loss per share as they are anti-dilutive. The weighted average remaining contractual life of these options is 2.26 years (2022 – 2.47 years).

(i) On June 10, 2022, the Company granted 2,550,000 stock options to directors and consultants of the Company. The stock options are exercisable at $0.10 CDN per share and expire June 10, 2027. All the stock options vest immediately.

The fair value of these stock options of $55,965 was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.05 CDN
Expected dividend yield	Nil
Exercise price	$0.10 CDN
Risk free interest rate	1.37%
Expected life	5.00 years
Expected volatility (based on historical prices)	87%

(ii) On June 9, 2023, the Company granted 1,000,000 stock options to a director of the Company. The stock options are exercisable at $0.11 CDN per share and expire June 9, 2028. All the stock options vest immediately.

The fair value of these stock options of $59,743 was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.11 CDN
Expected dividend yield	Nil
Exercise price	$0.11 CDN
Risk free interest rate	1.68%
Expected life	5.00 years
Expected volatility (based on historical prices)	95%

(Expressed in United States Dollars)

12. STOCK OPTIONS AND WARRANTS (Cont'd)

(a) Stock Options (Cont'd)

(iii) On November 29, 2023, the Company granted 500,000 stock options to a director of the Company. The stock options are exercisable at $0.11 CDN per share and expire November 29, 2028. All the stock options vest immediately.

The fair value of these stock options of $30,557 was estimated at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	$0.11 CDN
Expected dividend yield	Nil
Exercise price	$0.11 CDN
Risk free interest rate	1.85%
Expected life	5.00 years
Expected volatility (based on historical prices)	101%

(b) Warrants

The following summarizes the change in foreign currency warrants:

	2023	2022
Balance, beginning of year	**$ 1,721,427**	$ 714,999
Fair value of warrants issued – August 16, 2022 (Note 11(a)(i))	**-**	72,367
Fair value of warrants issued – May 31, 2023 (Note 11(b)(i))	**45,996**	-
Fair value of warrants issued – June 23, 2023 (Note 11(b)(ii))	**46,271**	-
Fair value of warrants issued – July 28, 2023 (Note 11(b)(iii))	**16,152**	-
Fair value of warrants issued – December 22, 2023 (Note 11(b)(iv))	**53,022**	-
Fair value of warrants extended - (Note 12(b)(ii) and 12(b)(i))	**679,053**	74,432
Fair value adjustment (Note 12(b)(iii))	**(30,470)**	859,629
Balance, end of year	**$ 2,531,451**	$ 1,721,427

(i) During the year ended December 31, 2022, the Company modified the expiry dates of the following outstanding warrants:

- 1,060,625 warrants originally expiring on March 15, 2022 are now exercisable until March 15, 2024;
- 733,529 warrants originally expiring on July 12, 2022 are now exercisable until July 12, 2024;
- 5,233,025 warrants originally expiring on September 19, 2022 are now exercisable until September 19, 2024;

(Expressed in United States Dollars)

12. STOCK OPTIONS AND WARRANTS (Cont'd)

(b) Warrants (Cont'd)

The incremental fair value of these warrants extended was estimated at $74,432 using the Black Scholes pricing model with the following inputs and weighted average assumptions:

Share price	$0.045 - $0.075 CDN
Expected dividend yield	Nil
Exercise price	$0.15 CDN
Risk free interest rate	0.49% - 3.46%
Expected life (original)	0.05 – 0.08 years
Expected life (extended)	2.05 – 2.08 years
Expected volatility (original) (based on historical prices)	68% - 234%
Expected volatility (extended) (based on historical prices)	81% - 98%

The incremental fair value was recorded to foreign currency warrants with an offsetting charge to profit and loss.

(ii) During the year ended December 31, 2023, the Company modified the expiry dates of the following outstanding warrants:

- 3,258,264 warrants originally expiring on May 7, 2023 are now exercisable until May 7, 2025;
- 7,934,629 warrants originally expiring on August 20, 2023 are now exercisable until August 20, 2025
- 4,966,667 warrants originally expiring on October 16, 2023 are now exercisable until October 16, 2025;

The incremental fair value of these warrants extended was estimated at $679,053 using the Black Scholes pricing model with the following inputs and weighted average assumptions:

Share price	$0.100 - $0.115 CDN
Expected dividend yield	Nil
Exercise price	$0.125 CDN
Risk free interest rate	2.14% - 4.78%
Expected life (original)	0.05 years
Expected life (extended)	2.05 – 2.06 years
Expected volatility (original) (based on historical prices)	73% - 199%
Expected volatility (extended) (based on historical prices)	106% - 127%

The incremental fair value was recorded to foreign currency warrants with an offsetting charge to profit and loss.

(Expressed in United States Dollars)

12. STOCK OPTIONS AND WARRANTS (Cont'd)

(b) Warrants (Cont'd)

(iii) At December 31, 2022, the fair value of the 43,176,782 warrants outstanding was estimated at $1,721,427 using the Black-Scholes pricing model with the following weighted average assumptions:

Share price	$0.115 CDN
Expected dividend yield	Nil
Exercise price	$0.10 - $0.15 CDN
Risk-free interest rate	1.32% - 3.85%
Expected life	1.26 years
Expected volatility (based on historical prices)	97% - 138%

At December 31, 2023, the fair value of the 46,792,056 warrants outstanding was estimated at $2,531,451 using the Black-Scholes pricing model with the following weighted average assumptions:

Share price	$0.13 CDN
Expected dividend yield	Nil
Exercise price	$0.10 - $0.15 CDN
Risk-free interest rate	2.55% - 4.58%
Expected life	1.44 years
Expected volatility (based on historical prices)	66% - 140%

At December 31, 2023, a gain on revaluation of foreign currency warrants of $30,470 (2022 – loss of $859,629) was recognized in the consolidated statement of loss and comprehensive loss.

The Company had the following warrants outstanding at December 31, 2023:

Number of Warrants	Exercise Price (CDN)	Expiry Date
1,060,625	$0.15	March 15, 2024
733,529	$0.15	July 12, 2024
5,233,025	$0.15	September 19, 2024
3,258,264	$0.125	May 7, 2025
7,934,629	$0.125	August 20, 2025
4,966,667	$0.125	October 16, 2025
2,668,000	$0.125	May 4, 2024
1,633,334	$0.125	July 12, 2024
7,614,446	$0.100	December 10, 2024
5,613,038	$0.100	August 16, 2025
1,798,889	$0.120	May 31, 2026
1,741,999	$0.120	June 23, 2026
611,111	$0.120	July 28, 2026
1,924,500	$0.120	December 22, 2026
46,792,056		

12. STOCK OPTIONS AND WARRANTS (Cont'd)

(c) Broker Warrants

As at December 31, 2023, there were 405,890 (2022 – 373,440) broker warrants outstanding, with 213,440 broker warrant exercisable at $0.075 CDN until May 4, 2024 and 192,450 broker warrant exercisable at $0.090 CDN until December 22, 2028. 213,440 broker warrants are exercisable to purchase one additional private placement unit consisting of one common share and one common share purchase warrant exercisable for three years at $0.125 CDN. 192,450 broker warrants are exercisable to purchase one additional private placement unit consisting of one common share and one common share purchase warrant exercisable for five years at $0.12 CDN.

13. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the year ended December 31, 2023 was based on the loss attributable to common shareholders of $637,783 (2022 – loss of $2,137,063) and the weighted average number of common shares outstanding of 121,222,357 (2022 – 115,441,233).

Diluted earnings (loss) per share did not include the effect of 9,550,000 stock options, 46,792,056 warrants and 405,890 broker warrants outstanding as they are anti-dilutive.

14. NON-CONTROLLING INTEREST

On February 10, 2022, Celerity issued 17,620,000 common shares to shareholders of Westmount under the agreement discussed in Note 6(e). As a result, the non-controlling interest in Celerity increased from 0% to 50%.

On June 6, 2022, Celerity completed a private placement of 558,333 units at $0.30 CDN per unit for proceeds of $133,313 ($167,500 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 50.78%.

On August 30, 2022, Celerity completed a private placement of 376,967 units at $0.30 CDN per unit for proceeds of $86,491 ($113,090 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 51.29%.

On February 27, 2023, Celerity completed a private placement of 363,103 units at $0.30 CDN per unit for proceeds of $80,260 ($108,931 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 51.78%.

(Expressed in United States Dollars)

14. NON-CONTROLLING INTEREST (Cont'd)

On March 10, 2023, Celerity completed a private placement of 760,000 units at $0.30 CDN per unit for proceeds of $165,141 ($228,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 52.76%.

On July 5, 2023, Celerity completed a private placement of 500,000 units at $0.30 CDN per unit for proceeds of $113,010 ($150,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 53.38%.

On August 10, 2023, Celerity completed a private placement of 20,000 units at $0.30 CDN per unit for proceeds of $4,475 ($6,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 53.41%.

On December 13, 2023, Celerity completed a private placement of 450,000 units at $0.30 CDN per unit for proceeds of $99,559 ($135,000 CDN). Each unit consists of one common share and one share purchase warrant exercisable for 2 years, following listing on a stock exchange. Each warrant entitles the holder to purchase one share at a price of $0.50 CDN for a period of 12 months after listing and at a price of $0.75 CDN for an additional 12 months thereafter. The fair value of these warrants was estimated at $nil. As a result, the non-controlling interest in Celerity increased to 53.96%.

On December 14, 2023, as a result of the amendment of the agreement with the Westmount Shareholders (Note 6(e)), Peloton transferred 11,500,000 common shares (representing 30.05% interest) it held in Celerity to Westmount Shareholders for $8. As a result, the Company lost control of Celerity and derecognized the net assets of Celerity and recorded its remaining interest in Celerity at its fair value, with a gain of $1,185,365 on deconsolidation.

The ownership changes in non-controlling interest discussed above were recorded as equity transactions. The following represents the share of equity attributable to the non-controlling interest:

	December 14, 2023	December 31, 2022
Balance, beginning of period	**$ (280,815)**	$ -
Ownership interest transferred to non-controlling interest	**(3,230)**	(54,244)
Non-controlling interest's share of loss	**(250,355)**	(231,884)
Non-controlling interest's share of other comprehensive income	**559**	5,313
Balance, end of period	**$ (533,841)**	$ (280,815)

(Expressed in United States Dollars)

14. NON-CONTROLLING INTEREST (Cont'd)

The following summarizes the assets and liabilities of Celerity and the share of net liabilities which are attributable to non-controlling interest as at December 31, 2022:

		2022
Current assets	$	12,690
Current liabilities		354,267
Net liabilities		(341,577)

The following summarizes the expenses and net loss of Celerity and the share of net loss and other comprehensive income which are attributable to non-controlling interest for the period ended December 14, 2023 and year ended December 31, 2022:

		2023		2022
Expenses	$	**466,270**	$	568,256
Net loss for the year		**(466,270)**		(568,256)
Other comprehensive income		**523**		10,359
Comprehensive loss		(465,747)		(557,897)
Net loss attributable to non-controlling interest		**(250,355)**		(231,884)
Other comprehensive income attributable to non-controlling interest		**559**		5,313
Comprehensive loss attributable to non-controlling interest		**(249,796)**		(226,571)

The following summarizes the cash flows from operating and financing activities of Celerity for the period ended December 14, 2023 and year ended December 31, 2022:

	2023		2022
Net cash used in operating activities	**(361,139)**	$	(203,596)
Net cash provided by financing activities	**462,445**		216,287
Net change in cash	**101,306**		12,691

The following summarizes the assets and liabilities of Celerity related to the deconsolidation on December 14, 2023:

		2023
Cash	$	113,997
HST receivable		1,296
Accounts payable and accrued liabilities		(460,180)
Deposit for shares to be issued		(1,115)
Accumulated other comprehensive income		(5,010)
Non-controlling interest up to December 14, 2023		533,841
Loss on deconsolidation		(182,831)
Gain on transfer of Celerity shares		8
Increase in fair value of Celerity shares retained at the date of deconsolidation		1,368,188
Gain from loss on control of subsidiary		1,185,365

(Expressed in United States Dollars)

15. INCOME TAXES

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in these consolidated financial statements:

	2023	2022
(Loss) income before income taxes	**$ (637,783)**	$ (2,137,063)
Statutory rate	**26.50%**	26.50%
Expected income tax (recovery) expense	**$ (169,012)**	$ (566,322)
Amounts not deductible (taxable) for tax	**180,810**	266,854
Stock-based compensation	**23,910**	13,017
Impact on foreign exchange	**(17,085)**	106,881
Adjustment to non-capital losses and exploration and evaluation expenditure pool balances	**27,377**	1,570
Tax effect of deconsolidation	**127,000**	-
Change in deferred tax assets not recognized	**(173,000)**	178,000
Income tax expense	**$ -**	$ -

(b) Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2023	2022
Deferred tax assets (liabilities)		
Non-capital loss carry forwards	**$ 1,319,000**	$ 1,211,000
Mining claims - exploration and evaluation expenditures	**467,000**	526,000
Share issuance costs	**5,000**	5,000
Investment	**(369,000)**	-
	1,422,000	1,742,000
Less: Deferred tax assets not recognized	**(1,422,000)**	(1,742,000)
Net deferred income tax asset	**$ -**	$ -

(Expressed in United States Dollars)

15. INCOME TAXES (Cont'd)

(c) Tax Losses

The Company has non-capital losses of approximately $4,976,000 available in Canada to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2028	$ 181,000
2029	98,000
2030	249,000
2031	422,000
2032	378,000
2033	76,000
2034	263,000
2036	509,000
2037	411,000
2038	360,000
2039	235,000
2040	435,000
2041	514,000
2042	417,000
2043	428,000
	$ 4,976,000

The potential tax benefit relating to these tax losses has not been reflected in these consolidated financial statements.

16. RELATED PARTY DISCLOSURES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

Remuneration of Directors and key management of the Company was as follows:

	2023	2022
Management and director fees [a]	**$ 332,835**	$ 338,160
Stock-based compensation	**90,300**	40,601

(a) Included in office and administrative costs in the consolidated statements of loss and comprehensive loss.

Other related party balances are listed below:

(a) Included in accounts payable and accrued liabilities is $698,678 (2022 - $557,144) of amounts owing to directors and management of the Company for management and director fees.

(b) During the year ended December 31, 2023, the Company reversed $132,128 (2022 - $101,885) of management and director fees owing to directors which were included in accounts payable and accrued liabilities. These management and director fees have been permanently forgiven by the directors.

17. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes issued capital stock, contributed surplus and deficit and foreign currency warrants in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2023.

18. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities, in particular market risk (composed of currency risk and equity price risk), liquidity risk, fair value risk, interest risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

Market Risk

Currency risk

The Company operates internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at December 31, 2023 the Company is exposed to currency risk through the following financial assets and liabilities denominated in Canadian dollars:

	2023 (CDN$)	2022 (CDN$)
Cash	**$ 35,932**	$ 17,567
Investment	**$ 1,997,237**	$ -
Accounts payable and accrued liabilities	**$ 1,025,157**	$ 851,477
Loan payable	**$ 75,000**	$ -

The above balances were translated into US dollars at the year-end rate of 0.7561 (2022 - 0.7383) Canadian dollars to every US dollar.

Based on the above net exposures as at December 31, 2023, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately $35,000 (2022 - $31,000).

18. FINANCIAL RISK MANAGEMENT (Cont'd)

Market Risk (Cont'd)

Equity price risk

The Company is exposed to price risk with respect to equity prices of its investment. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the stock market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2023, the Company has current liabilities of $997,024 (2022 - $988,323) due within 12 months and has cash of $38,818 (2022 - $13,027) to meet its current obligations. As a result, the Company has liquidity risk and is dependent on raising additional capital to fund operations.

The convertible debenture is due on demand upon six months' notice in writing but the holder has not yet submitted a notice in writing demanding payment.

Fair Value Risk

The carrying values of share subscription receivable, loan payable, accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments. The estimated fair values of convertible debt also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates. The estimated fair values of warrants are subject to fluctuations based on the inputs and assumptions used to value them.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest-bearing debt on its consolidated statement of financial position. The Company does not have any debt with variable interest rates, thereby minimizing the Company's exposure to cash flow interest rate risk

Credit Risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions.

19. COMMITMENTS

Leases

The Company is committed under lease agreements to the payment of amounts totaling $1,656 until October 2024.

The Company is also required to make payments to the Bureau of Land Management to keep mining claims in good standing as noted in Note 6.

20. SUBSEQUENT EVENT

Grant of options

On April 2, 2024, the Company granted a total of 2,100,000 incentive stock options to consultants of the Company. These options are exercisable over three years at an exercise price of $0.09 CDN.

Extension of warrants

On April 10, 2024, the Company modified the expiry time of 2,668,000 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of $0.125 CDN until 5:00 pm on May 4, 2024 and will be exercisable until 5:00 pm on May 4, 2026.

On April 18, 2024, the Company modified the expiry time of 213,440 outstanding warrants of the Company held by previous private placement investors. The warrants were exercisable at a price of $0.125 CDN until 5:00 pm on May 4, 2024 and will be exercisable until 5:00 pm on May 4, 2026.