

**AURWEST RESOURCES CORPORATION**

**Consolidated Financial Statements**

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

**(Expressed in Canadian Dollars)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:  
Aurwest Resources Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Aurwest Resources 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 shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$4,061,348 during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficit of \$442,632. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### Assessment of Impairment of Exploration and Evaluation Assets

As described in Note 4 of the consolidated financial statements, the carrying amount of the Company's exploration and evaluation assets as at December 31, 2023 is \$966,535 which includes an impairment charge of \$3,467,631 which was recognized during the year. As more fully described in Note 3 to the financial statements, management assesses its exploration and evaluation assets for indicators of impairment at each statement of financial position date.

The assessment of impairment indicators of exploration and evaluation assets is identified as a key audit matter due to the significant judgment made by management, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by

management in this area that could give rise to the requirement to prepare an estimate of the recoverable amount of the exploration and evaluation assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators;
- Evaluating the intent for the exploration and evaluation assets through discussion and communication with management;
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements; and
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

### **Other Information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Melyssa Charlton.

*Charlton & Company*

**CHARTERED PROFESSIONAL ACCOUNTANT**

Suite 630 -1111 Melville Street  
Vancouver, B.C. V6E 3V6

April 23, 2024

**AURWEST RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at December 31, 2023 and 2022  
(expresses in Canadian dollars)

	Notes	December 31, 2023	December 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		69,997	337,292
Goods and services tax receivable		4,517	35,249
Due from related parties	8	16,333	-
Prepays		6,529	7,275
Total current assets		97,376	379,816
<b>Exploration and evaluation assets</b>	4	966,535	4,395,797
<b>TOTAL ASSETS</b>		<b>1,063,911</b>	<b>4,775,613</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		195,985	258,377
Provisions	5	300,401	-
Due to related companies	8	43,622	77,388
Total liabilities		540,008	335,765
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	10,046,122	9,926,222
Reserves	7	1,352,960	1,327,457
Deficit		(10,875,179)	(6,813,831)
Total shareholders' equity		523,903	4,439,848
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,063,911</b>	<b>4,775,613</b>

**Nature of operations (Note 1)**

**Going concern (Note 2)**

**Approved on behalf of the Board of Directors by:**

*Signed "Colin Christensen"*

Director

*Signed "Brian Prokop"*

Director

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

**AURWEST RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the years ended December 31, 2023 and 2022  
(expresses in Canadian dollars)

For the years ended	Notes	December 31, 2023	December 31, 2022
		\$	\$
<b>EXPENSES</b>			
Consulting fees	8	210,666	332,000
Exploration and evaluation expenditures	4	23,096	15,840
Marketing & investor relations		6,628	68,589
Office and general		31,594	48,367
Professional fees		236,144	194,683
Regulatory and filing		15,434	49,698
Share-based compensation	7, 8	70,155	242,393
		<b>(593,717)</b>	<b>(951,570)</b>
Recovery of flow-through premium	14	-	97,126
Write-off of exploration and evaluation asset	4	<b>(3,467,631)</b>	<b>(870,307)</b>
<b>LOSS AND COMPREHENSIVE LOSS</b>		<b>(4,061,348)</b>	<b>(1,724,751)</b>
<b>Basic and diluted loss per common share</b>		<b>(\$0.04)</b>	<b>(\$0.02)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>100,960,737</b>	<b>98,456,210</b>

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

**AURWEST RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the years ended December 31, 2023 and 2022  
(expressed in Canadian dollars)

	Notes	Share Capital		\$ Shares to be cancelled	Reserves		\$ Deficit	\$ Total
		Number of common shares	\$ Amount		\$ Options	\$ Warrants		
<b>Balance, December 31, 2021</b>		<b>98,350,133</b>	<b>9,950,523</b>	<b>(135,270)</b>	<b>711,215</b>	<b>401,549</b>	<b>(5,089,080)</b>	<b>5,838,937</b>
Units issued for property acquisition	4	1,125,000	68,625	-	-	-	-	68,625
Shares issued for services	7	350,000	21,000	-	-	-	-	21,000
Exercise of warrants	7	1,150,000	115,000	-	-	-	-	115,000
Exercise of agent warrants	7	50,000	7,500	-	-	(2,500)	-	5,000
Exercise of options	7	1,200,000	55,200	-	(25,200)	-	-	30,000
Share-based compensation	7	-	-	-	242,393	-	-	242,393
Shares cancelled (normal course issuer bid)	6	(1,503,501)	(166,626)	135,270	-	-	-	(31,356)
Transfer of net assets pursuant to spin-out	1, 7	-	(125,000)	-	-	-	-	(125,000)
Loss for the year		-	-	-	-	-	(1,724,751)	(1,724,751)
<b>Balance, December 31, 2022</b>		<b>100,721,632</b>	<b>9,926,222</b>	<b>-</b>	<b>928,408</b>	<b>399,049</b>	<b>(6,813,831)</b>	<b>4,439,848</b>
Shares issued for services	7	733,333	14,667	-	-	-	-	14,667
Share issuance costs	7	-	(753)	-	-	-	-	(753)
Exercise of options	7	3,066,669	105,986	-	(44,652)	-	-	61,334
Share-based compensation	7	-	-	-	70,155	-	-	70,155
Loss for the year		-	-	-	-	-	(4,061,348)	(4,061,348)
<b>Balance, December 31, 2023</b>		<b>104,521,634</b>	<b>10,046,122</b>	<b>-</b>	<b>953,911</b>	<b>399,049</b>	<b>(10,875,179)</b>	<b>523,903</b>

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

**AURWEST RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2023 and 2022  
(expresses in Canadian dollars)

For the years ended	Notes	December 31, 2023	December 31, 2022
		\$	\$
<b>CASH FLOWS PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Loss for the year		<b>(4,061,348)</b>	(1,724,751)
Items not involving cash:			
Share-based compensation	7	<b>70,155</b>	242,393
Shares issued for services		<b>14,667</b>	21,000
Recovery of flow-through premium	14	-	(97,126)
Write-off of exploration and evaluation asset	4	<b>3,467,631</b>	870,307
Changes in non-cash working capital items:			
Prepays		<b>746</b>	(355)
Goods and services tax receivable		<b>30,732</b>	122,585
Accounts payable and accrued liabilities		<b>127,152</b>	(14,116)
Provisions	5	<b>115,081</b>	-
Net cash used in operating activities		<b>(235,184)</b>	(580,063)
<b>INVESTING ACTIVITIES</b>			
Exploration refunds		-	173,250
Exploration and evaluation expenditures		<b>(88,043)</b>	(1,603,709)
Recovery on exploration and evaluation assets	4	<b>45,450</b>	60,000
Financing costs pursuant to Plan of Arrangement		-	(47,612)
Net cash used in investing activities		<b>(42,593)</b>	(1,418,071)
<b>FINANCING ACTIVITIES</b>			
Proceeds from exercise of options	7	<b>45,001</b>	30,000
Proceeds from exercise of warrants	7	-	120,000
Share issuance costs	7	<b>(753)</b>	-
Shares repurchased under normal course issuer bid	6	-	(31,356)
Due to related companies	8	<b>(33,766)</b>	-
Net cash provided by financing activities		<b>10,482</b>	118,644
<b>Change in cash and cash equivalents</b>		<b>(267,295)</b>	(1,879,490)
<b>Cash and cash equivalents, beginning of the year</b>		<b>337,292</b>	2,216,782
<b>Cash and cash equivalents, end of the year</b>		<b>69,997</b>	337,292

**Supplemental disclosure with respect to cash flows (Note 13)**

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



**AURWEST RESOURCES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2023 and 2022  
(expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS**

Aurwest Resources Corporation (the “Company” or “Aurwest”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under the stock symbol SRS. On January 8, 2020, the Company changed its name to Aurwest Resources Corporation and commenced trading under the stock symbol “AWR”. The Company’s registered and records office and corporate office address is Suite 2003, 188 – 15 Ave SW, Calgary, Alberta Canada T2R 1S4.

The Company is pursuing the acquisition, exploration and evaluation of mineral properties. At December 31, 2023, it had two 100% owned adjacent properties in British Columbia, being the Stellar Project and the Stars Project. The Company had also previously entered into option agreements to earn a 100% interest in the Paradise Lake, Miguels Lake and Stony Caldera properties in Newfoundland, which were terminated subsequent to December 31, 2023. The Company is in the process of exploring its mineral property interests and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

**Plan of Arrangement**

On September 22, 2022, the Company received all necessary approval to complete a plan of arrangement (the “Plan of Arrangement” or the “Arrangement”) to:

- Spin out its 100% owned Stellar and Stars mineral properties consisting of two parcels of adjoining land in British Columbia into a separate publicly listed company, Copper Star Exploration Ltd. (“Copper Star”) subject to a minimum of \$1,000,000 financing to be completed within one year from the Arrangement date (the “Financing”).
- Form five new reporting issuers being: 1377314 B.C. Ltd., 1377319 B.C. Ltd., 1377326 B.C. Ltd., 1377331 B.C. Ltd. and 1377333 B.C. Ltd. (the “SpinCos” or in case of singular, “SpinCo”) which will be used for the purposes of evaluating future go public business opportunities.

On September 23, 2022, the Record Date, Aurwest’s shareholders were entitled to receive 0.0051 shares of each of the five newly formed SpinCos for every one common share of Aurwest held.

On September 28, 2022, pursuant to the Plan of Arrangement, each Aurwest common shares was exchanged for (Note 7):

- One New Common Share (completed);
- One Class A Preferred Share, which will be exchanged for 29,961,488 shares of Copper Star for a total of \$2,605,000 being the value of the Stellar and Stars mining properties, subject to the Financing (not completed). In the event the Financing is not completed within one year, the Class A Preferred Shares will be cancelled (extended for an additional year to September 28, 2024); and
- One Class B Preferred Share, which was redeemed in exchange for 0.0051 SpinCo shares for a total of 509,336 SpinCo shares in each of the SpinCos (completed).

On September 30, 2022, the Class B Preferred Shares were redeemed, and each Aurwest shareholder received their pro-rata shares in each of the SpinCos. In exchange for the 509,336 common shares, each Spinco was to receive \$25,000 in cash from Aurwest, for a total commitment from Aurwest of \$125,000. As at December 31, 2023, the Company has paid \$81,378 (2022 - \$47,612) and has a liability of \$43,622 (2022 - \$77,388).

As of December 31, 2023, Aurwest had not completed the financing required to spin out the Stellar and Stars properties and accordingly, Copper Star remained as a subsidiary of Aurwest (Note 2). The completion date for the financing requirement was extended to September 28, 2024.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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The Arrangement has been accounted for in accordance with IFRIC 17 – Distribution of non-cash assets to owners. The net assets distributed are recognized at their fair values.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on April 23, 2024.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. Unless otherwise noted, these consolidated financial statements are presented in Canadian dollars, the functional currency of the Company.

**Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly owned Canadian subsidiary Copper Star Exploration Ltd. (“Copper Star” or the “Subsidiary”). The Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**Going concern**

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at December 31, 2023, the Company had not yet achieved profitable operations, incurred a loss of \$4,061,348 (2022 - \$1,724,751), had a working capital deficit of \$442,632 (2022 - \$44,051 surplus) and a deficit of \$10,875,179 (2022 - \$6,813,831) since inception. The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Over the past year, global stock markets have experienced volatility and a significant weakening in the aftermath of COVID-19. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Volatility in financial markets subsequent to December 31, 2023, may have a significant impact on the Company’s financial position. The duration and impact of the higher inflationary environment, as well as the effectiveness of government and central bank responses, remains unclear at this time.

**Critical accounting estimates and judgements**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors,

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including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

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

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

*Judgements*

*Recoverability of exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

*Title to mineral property interests*

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

*Going concern*

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

*Estimates*

*Share-based compensation and fair value of brokers' warrants*

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

*Fair value of spin out*

For the distribution of Aurwest's common shares to the shareholders of the Company, the Company must determine the fair value of the net assets distributed and shares issued. As the net assets to be transferred consist of cash, the common shares were fair valued at an amount equal to the cash commitment. In addition, for the proposed spin out of Copper Star, the Company must follow and apply guidance under IFRS 5 – non-current assets held for sale and discontinued operations. The Company concluded all of the criteria have not yet been met.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

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**Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid investments held in the form of guaranteed investment certificates that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at December 31, 2023, the Company held \$69,997 (2022 - \$312,292) in cash and \$Nil (2022 - \$25,000) in cash equivalents.

**Exploration and evaluation assets**

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of equipment is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

**Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production is charged to the statement of loss and comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

**Financial instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that

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are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company’s cash and cash equivalents is measured at FVTPL, while its due from related parties, accounts payables and accrued liabilities, provisions, and due to related companies is recorded at amortized cost.

*Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its debt instruments:

- Financial assets and liabilities at amortized cost: Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.
- Financial assets and liabilities at FVTPL: Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.
- Financial assets at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

*Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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*Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 recognized in respect of temporary differences, between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will 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 assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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.

**Flow-through shares**

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or “premium” are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized, and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**Share-based payments**

The Company grants stock options to buy common shares of the Company through its stock option plan as described in Note 7. The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company grants stock options that are subject to various vesting terms. Under IFRS, the fair value of each instalment of the award is considered a separate grant based on the vesting period with the fair value of each

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instalment determined separately and recognized as compensation expense over the term of its respective vesting period.

**Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

**Basic and diluted loss per share**

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

**Foreign exchange**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

**Provisions**

Liabilities 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 reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

**Related parties**

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. Parties are also considered to be related if they are subject to common control. 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.

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset,

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whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term. During the year ended December 31, 2023, the Company recognized short-term rent expense of \$1,600 (2022 - \$7,120) in office and general.

#### **Adoption of new accounting pronouncements**

##### *Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued Amendments to IAS 1 and IFRS Practice Statement 2 to provide guidance to help entities apply materiality judgment to accounting policy disclosure. The amendments require disclosure of material accounting policy information rather than disclosing significant accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The Company adopted these amendments, which have resulted in the disclosure of only material accounting policy information, but did not impact the measurement, recognition or presentation of any items in the Company's consolidated financial statements.

#### **New accounting standards and interpretations issued but not yet adopted**

##### *Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

In January 2020 and October 2022, the IASB issued amendments to clarify the requirements for classifying liabilities current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted, and the amendments are to be applied retrospectively. The Company is assessing the impact of the amendments to its consolidated financial statements.



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**4. EXPLORATION AND EVALUATION ASSETS**

	<b>Stellar</b>	<b>Stars</b>	<b>Paradise Lake</b>	<b>Miguels Lake</b>	<b>Stony</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2022	1,026,340	959,310	2,166,529	243,618	-	4,395,797
Claims	5,921	-	20,200	3,000	-	29,121
Field costs	-	-	39,383	-	-	39,383
Geology	-	1,075	-	-	-	1,075
Assay	811	-	-	-	-	811
Sampling	-	6,149	-	-	-	6,149
Expenditures during the year	6,732	7,224	59,583	3,000	-	76,539
Recovery of exploration and evaluation assets	-	-	(37,715)	(455)	-	(38,170)
Write-off of exploration and evaluation asset	(1,033,071)	-	(2,188,397)	(246,163)	-	(3,467,631)
<b>Balance, December 31, 2023</b>	<b>1</b>	<b>966,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>966,535</b>

	<b>Stellar</b>	<b>Stars</b>	<b>Paradise Lake</b>	<b>Miguels Lake</b>	<b>Stony</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2021	1,004,562	954,530	758,132	211,852	547,907	3,476,983
Acquisition costs - cash	-	-	75,000	8,000	-	83,000
Acquisition costs - shares	-	-	35,000	7,500	26,125	68,625
Claims	-	-	867	-	25,480	26,347
Field costs	416	-	294	267	51,457	52,434
Geology	13,612	-	3,526	-	192,166	209,304
IP Survey	-	-	74,567	25,433	-	100,000
Assay	1,115	-	9,055	1,966	42,216	54,352
Reports	123	3,780	-	-	-	3,903
Drilling	-	-	1,242,075	-	-	1,242,075
Sampling	6,512	1,000	-	-	-	7,512
Travel	-	-	1,013	-	556	1,569
Expenditures during the year	21,778	4,780	1,441,397	43,166	338,000	1,849,121
Recovery of exploration and evaluation assets	-	-	(33,000)	(11,400)	(15,600)	(60,000)
Write-off of exploration and evaluation asset	-	-	-	-	(870,307)	(870,307)
<b>Balance, December 31, 2022</b>	<b>1,026,340</b>	<b>959,310</b>	<b>2,166,529</b>	<b>243,618</b>	<b>-</b>	<b>4,395,797</b>

During the year ended December 31, 2023, the Company received \$45,450 (2022 - \$60,000) for the Mineral Incentive Program - Junior Exploration Assistance (“JEA”) contribution towards the Company’s Newfoundland projects. This was allocated to each of the projects based on the work completed and was offset against the exploration expenses capitalized. \$7,280 of the JEA incentive was booked against exploration and evaluation expenditures in the statement of loss and comprehensive loss as they were associated with the Stony Caldera project, which was written off in the prior year.

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**Paradise Lake Project, Newfoundland**

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. (“Tenacity”), to acquire a 100% interest in 824 claims on the Paradise Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$400,000 and issue 5,000,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the closing price of the common shares on the Canadian Stock Exchange (“CSE”) on the day prior to the date of issuance. The consideration will be paid as follows:

- \$50,000 cash and 300,000 units on November 20, 2020 (paid and issued);
- \$50,000 cash and 500,000 units on or before November 20, 2021 (paid and issued);
- \$75,000 cash and 700,000 units on or before November 20, 2022 (paid and issued (Note 7));
- \$100,000 cash and 1,500,000 units on or before November 20, 2023 (not met); and
- \$125,000 cash and 2,000,000 units on or before November 20, 2024.

In addition, the Company is required to incur \$4,000,000 in exploration expenditures on the property over the next four years as follows:

- \$400,000 on or before November 20, 2021 (criteria met);
- \$750,000 on or before November 20, 2022 (criteria met);
- \$1,275,000 on or before November 20, 2024\*; and
- \$1,575,000 on or before November 20, 2025\*.

\*During the year ended December 31, 2022, the commitment terms were extended by 12 months.

Tenacity Gold Mining Company will retain a 3% net smelter returns royalty (“NSR”) on the property.

During the year ended December 31, 2021, the Company paid a refundable deposit of \$173,250 to the Newfoundland Government to protect its Paradise Lake claims while certain exploration work was being completed. During the year ended December 31, 2022, \$173,250 was refunded to the Company and allocated towards exploration expenditures.

Subsequent to the year ended December 31, 2023, the Company terminated the option agreement on the Paradise Lake project and as a result, during the year ended December 31, 2023, the Company recorded an impairment charge of \$2,188,397 (2022 - \$nil) to write-off the exploration asset.

**Miguels Lake, Newfoundland**

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. and Alexander Duffitt, to acquire a 100% interest in 120 claims on the Miguels Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$50,000 and issue 750,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the closing price of the common shares on the CSE on the day prior to the date of issuance. The consideration will be paid as follows:

- \$5,000 cash and 50,000 units on November 20, 2020 (paid and issued);
- \$5,000 cash and 100,000 units on or before November 20, 2021 (paid and issued);
- \$8,000 cash and 150,000 units on or before November 20, 2022 (paid and issued (Note 7));

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- \$12,000 cash and 200,000 units on or before November 20, 2023 (not met); and
- \$20,000 cash and 250,000 units on or before November 20, 2024.

In addition, the Company is required to incur \$580,000 in exploration expenditures on the property over the next four years as follows:

- \$100,000 on or before November 20, 2021 (criteria met);
- \$120,000 on or before November 20, 2022 (criteria met);
- \$180,000 on or before November 20, 2024\*; and
- \$180,000 on or before November 20, 2025\*.

\*During the year ended December 31, 2022, the commitment terms were extended by 12 months.

Tenacity Gold Mining Company will retain a 1% NSR and Alexander Duffitt a 2% NSR on the property.

Subsequent to the year ended December 31, 2023, the Company terminated the option agreement on the Miguel Lake project and as a result, during the year ended December 31, 2023, the Company recorded an impairment charge of \$246,163 (2022 - \$nil) to write-off the exploration asset.

#### **Stony Caldera Project, Newfoundland**

On April 19, 2021, the Company entered into an option agreement with Tenacity to earn 100% interest in a property, in Central Newfoundland. The property is contiguous with the Company's existing Paradise Lake gold project.

To earn the 100% interest in the property, the Company was required to:

- a. Reimburse Tenacity for its expenses of \$125,000 incurred during 2019 for an airborne geophysical survey and claims staking costs incurred in 2020 as follows:
  - \$75,000 cash plus 500,000 units through the issuance of 500,000 common shares and one half (1/2) warrant on or before May 3, 2021 (paid and issued);
  - \$50,000 cash due on or before October 26, 2021 (paid).
- b. Make total cash payments of \$275,000 and issue 4,250,000 units. Each unit will consist of one common share and one half (1/2) warrant payable as follows:
  - \$50,000 cash and 275,000 units on or before April 26, 2022 (paid and issued (Note 7));
  - \$50,000 cash and 350,000 units on or before April 26, 2023 (not met);
  - \$75,000 cash and 1,250,000 units on or before April 26, 2024; and
  - \$100,000 cash and 1,875,000 units on or before April 26, 2025.
- c. Incur total exploration expenditures of \$1,600,000 during the option period as follows:
  - No less than \$200,000 on or before October 26, 2021 (criteria met);
  - No less than \$200,000 on or before April 26, 2022 (criteria met);
  - No less than \$250,000 on or before April 26, 2024\*;
  - No less than \$350,000 on or before April 26, 2025\*; and
  - No less than \$600,000 on or before April 26, 2026\*.

\*During the year ended December 31, 2022, the commitment terms were extended by 12 months.

Tenacity will retain a 3% NSR on the property of which the Company may repurchase 1% for \$1,000,000.

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During the year ended December 31, 2023, the Company terminated the option agreement on the Stony Caldera project and as a result, the Company recorded an impairment charge during the year ended December 31, 2022 of \$870,307 to write-off the exploration asset. All recoveries and expenses remaining related to the project were directly booked to the statement of loss for the year ended December 31, 2023.

**Stellar Project, British Columbia**

On February 9, 2018, the Company entered into an option agreement to acquire a 100% interest in 4 mineral claims located on the Stellar Project in north central British Columbia. During the year end May 31, 2018, the Company acquired the 100% interest in the property for total consideration of 500,000 common shares (issued) and \$20,000 in cash payments (paid). The vendor retained a 2% NSR, which the Company has the option to buy out one-half of for \$1,000,000. In August 2020, the Company purchased 2 additional mineral claims on the Stellar property for cash of \$7,000.

During the year ended December 31, 2023, the Company recorded an impairment charge on the property of \$1,033,071 (2022 - \$nil), to write the property down to \$1 due to the expiry of the majority of the Company's claims which were not renewed.

**Stars Project, British Columbia**

On September 23, 2021, the Company entered into mineral claims purchase and sale agreement with Pacific Empire Minerals Corp. to purchase its ownership of 50% interest in the Stars Property for a cash payment of \$350,000. The Stars Property is adjacent to the Company's Stellar Project and consists of 3 mineral tenures located in the Omineca Mining District in British Columbia. Pacific Empire Minerals Corp. will retain a 2% NSR on the property which the Company has the right to repurchase at any time 1% for \$1,000,000.

On December 2, 2021, the Company entered into mineral claims purchase and sale agreement with M3 Metals Corp. to purchase the remaining 50% interest in the Stars Property for a cash payment of \$450,000 and 1,500,000 common shares. M3 Metals will retain a 2% NSR on the property which the Company has the right to repurchase at any time 1% for \$1,000,000. The common shares were issued on December 10, 2021 and were escrowed and released in equal quarterly tranches through to December 10, 2022 (Note 7).

**5. PROVISION**

During the year ended December 31, 2023, the Company was involved in an arbitration process regarding an ongoing dispute for amounts owing to a former officer and director. Subsequent to year end, the conclusion of this ongoing arbitration process was finalized with the former officer and director being awarded a total \$300,401, inclusive of both contract amounts, interest accrued and legal costs.

In accordance with the final resolution of the arbitration, the Company has revised its provision for legal contingencies. The provision was initially recognized based on management's assessment of the probability of an adverse outcome and its ability to reasonably estimate the potential loss. With the unfavorable award against the Company, adjustments to the provision have been made to reflect the adverse outcome. As of December 31, 2023, the provision for the arbitration case has been adjusted to \$300,401 (2022 - \$185,320 was included in accounts payable and accrued liabilities). The final resolution resulted in an additional \$115,081 being recognized in professional fees to cover legal expenses. This adjustment reflects the adverse resolution of the arbitration proceedings and the recognition of the potential liability resulting from the award.

**6. NORMAL COURSE ISSUER BID ("NCIB")**

On September 30, 2021, the Company announced a normal course issuer bid to purchase up to 4,801,431 common shares through the facilities of the CSE. The provisions of the bid allowed for a maximum of 5% of the total outstanding common shares of the Company to be purchased for cancellation during the period September 30, 2021 to September 30, 2022. Any common shares of the Company purchased pursuant thereto are to be cancelled. As

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at December 31, 2022, the Company has purchased 1,722,000 common shares for a total of \$199,165, of which \$135,270 was outstanding in shares to be cancelled as at December 31, 2021. During the year ended December 31, 2022, all of the shares were returned to treasury and were cancelled. No shares remain as at December 31, 2023.

**7. SHARE CAPITAL**

**Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

Under the Plan of Arrangement, Aurwest's previous common shares were exchanged into equal number of New Common Shares, Class A Preferred Shares and Class B Preferred Shares (Note 1). Accordingly, on September 22, 2022, the Company issued 99,871,633 New Common Shares, 99,871,633, Class A Preferred Shares and 99,871,633 Class B Preferred Shares. On September 28, 2022, the Class B Preferred Shares were redeemed in full.

As at December 31, 2023, the Company had 104,521,634 (2022 – 100,721,633) Common Shares and 99,871,633 (2022 – 99,871,633) Class A Preferred Shares issued and outstanding.

**Issued**

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

- a. On December 29, 2023, 3,066,669 options were exercised by key management personnel at \$0.02 per share for total gross proceeds of \$61,334, of which \$16,333 remained outstanding in due from related parties (Note 8). In connection with the exercise of the options, \$44,652 was reclassified from option reserve to share capital.
- b. On June 27, 2023, the Company issued 733,333 common shares were issued at \$0.02 per share totaling a fair value of \$14,667 for professional services rendered. The Company incurred \$753 in share issuance costs.

***For the year ended December 31, 2022***

- a. On December 6, 2022, the Company issued 850,000 units with a fair value of \$42,500 pursuant to the Paradise Lake and Miguels Lake option agreements (Note 4). Each unit consisted of one (1) common share and a half (1/2) warrant exercisable at \$0.055 for a period of 3 years. The warrants had a residual value of \$nil.
- b. On September 28, 2022, pursuant to the Plan of Arrangement (Note 1), the share capital of the Company was reduced by \$125,000. There was no change to the number of common shares issued and outstanding.
- c. On September 22, 2022, 350,000 common shares were issued at \$0.06 per share totaling \$21,000 for professional services.
- d. On June 9, 2022, 1,200,000 options were exercised at \$0.025 per share for total gross proceeds of \$30,000. In connection with the exercise of the options, \$25,200 was reclassified from option reserve to share capital.
- e. On April 19, 2022, the Company issued 275,000 units with a fair market value of \$26,125 were issued pursuant to the Stony Caldera option agreement (Note 4). Each unit consisted of one (1) share and a half (1/2) warrant exercisable at \$0.147 for a period of 3 years. The warrants had a residual value of \$nil.
- f. On March 15, 2022, 1,150,000 common share purchase warrants and 50,000 agents' warrants were exercised at \$0.10 per share for gross proceeds of \$120,000. In connection with the agents' warrants \$2,500 was reclassified from warrant reserve to share capital.
- g. During the year ended December 31, 2022, 267,000 shares were purchased under the NCIB and 1,503,500 shares were returned to treasury for cancellation.

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**Stock Options**

***Stock Option Plan***

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The options granted under the stock option plan can vest immediately or subject to the vesting schedule wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

All stock options are recorded at fair value using the Black-Scholes Option Pricing Model. During the period ended December 31, 2023, the Company issued 4,800,000 (2022 – 2,362,500) stock options to members of management directors, officers and consultants. The options were fully vested on the grant date. Share-based compensation of \$70,155 (2022 - \$242,393) was recognized in the statement of loss and comprehensive loss.

The following weighted average assumptions were used for the valuation of share-based compensation:

	<b>December 31, 2023</b>	December 31, 2022
Risk free rate	<b>4.16% - 4.59%</b>	1.08%
Expected life - years	<b>2.0</b>	2.0
Estimated forfeiture rate	<b>0%</b>	0%
Dividend yield	<b>0%</b>	0%
Volatility	<b>139.06% - 151.24%</b>	176.21%
Weighted average fair value per option	<b>\$0.015 - \$0.017</b>	\$0.10

Summary of stock option activity for the years ended December 31, 2023 and 2022:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	4,125,000	0.10
Forfeited	(250,000)	(0.065)
Granted	2,362,500	0.13
Exercised	(1,200,000)	(0.025)
Balance, December 31, 2022	5,037,500	0.14
Expired	(2,675,000)	(0.14)
Forfeited	(862,500)	(0.13)
Granted	4,800,000	0.02
Exercised	(3,066,669)	(0.02)
<b>Balance, December 31, 2023</b>	<b>3,233,331</b>	<b>0.07</b>

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As at December 31, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Number of Options	Exercise Price (\$)	Weighted-Average Remaining Life (Years)
January 10, 2024 <sup>(*)</sup>	1,500,000	0.13	0.03
May 24, 2025	100,000	0.025	1.40
June 27, 2025	1,633,331	0.02	1.49
	<b>3,233,331</b>	<b>\$0.07</b>	<b>0.81</b>

\*Subsequent to year end, these options expired unexercised.

**Agent's Warrants**

Summary of agent's warrant activities for the years ended December 31, 2023 and 2022:

	Number of Agent's Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	3,908,566	0.19
Exercised	(50,000)	0.15
Balance, December 31, 2022	3,858,566	0.19
Expired	(3,858,566)	0.19
<b>Balance, December 31, 2023</b>	<b>-</b>	<b>-</b>

**Common Share Purchase Warrants**

Summary of share purchase warrant activity for the years ended December 31, 2023 and 2022:

	Number of Share Purchase Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	61,914,207	0.18
Issued	562,500	0.08
Exercised	(1,150,000)	0.15
Balance, December 31, 2022	61,326,707	0.18
Expired	(60,214,207)	0.18
<b>Balance, December 31, 2023</b>	<b>1,112,500</b>	<b>0.12</b>

As at December 31, 2023, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Share Purchase Warrants	Exercise Price	Weighted-Average Remaining Life (Years)
May 6, 2024	250,000	\$0.197	0.35
November 22, 2024	300,000	\$0.121	0.90
April 19, 2025	137,500	\$0.147	1.30
December 6, 2025	425,000	\$0.055	1.93
	<b>1,112,500</b>	<b>\$0.12</b>	<b>1.22</b>

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As a result of the Plan of Arrangement (Note 1), the proceeds from all options and warrants issued prior to September 28, 2022 and exercised after September 28, 2022 will be allocated on a pro-rata basis among the Company and the SpinCos. The exercise price of the options and warrants stated above, do not reflect the net value owed to Aurwest after the allocation.

**8. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Consulting fees paid or accrued to officers and directors or companies controlled by directors and officers	<b>207,666</b>	296,000
Share-based compensation –directors and officers	<b>59,960</b>	111,577
<b>Total fees and other short-term benefits</b>	<b>267,626</b>	407,577

At December 31, 2023, there were two executive consulting agreements, one with an officer for an annual salary of \$70,000 and one with a director and officer for an annual salary of \$120,000. The executive consulting contracts have termination provisions in the event of a change of control, whereby the Company would be required to pay between 2 months and 12 months of fees upon the termination of the contract resulting from change of control.

As at December 31, 2023, accounts payable included \$43,000 (2022 - \$655) owing to key management personnel and \$43,622 (2022 - \$77,388) owing to the SpinCos from the Plan of Arrangement (Note 1).

As at December 31, 2023, there were due from related party amounts of \$16,333 (2022 - \$Nil) that relate to subscriptions receivable from options exercised during the year.

**9. CAPITAL MANAGEMENT**

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders' equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the period ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.



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*Fair Value Hierarchy*

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there is no unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of cash and cash equivalents is measured using level 1 fair value inputs. Accounts payable and accrued liabilities, provisions, and due to related companies approximate their carrying values due to the short-term nature of these instruments.

**Risk Management**

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

*General Objectives, Policies*

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

*Credit Risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by holding its cash with major financial institutions.

*Interest Rate Risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because there are currently no loans outstanding. The Company is not currently subject to interest rate risk.

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*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at December 31, 2023, the Company has a working capital deficit of \$442,632 (2022 - \$44,051 surplus).

**11. SEGMENTED INFORMATION**

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

**12. DEFERRED INCOME TAXES**

The Company's actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate statutory income tax rates to its income or loss before income taxes. The components of these differences are as follows:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Loss for the year	<b>(4,061,348)</b>	(1,724,751)
Corporate statutory rate	<b>27%</b>	27%
Expected income tax recovery	<b>(1,097,000)</b>	(466,000)
Change in statutory, foreign exchange rates and other	-	(15,000)
Permanent differences	<b>19,000</b>	39,000
Adjustment to prior years provision versus statutory tax returns	<b>(242,000)</b>	-
Renunciation of flow-through expenditures	-	157,000
Change in unrecognized deductible temporary differences	<b>1,320,000</b>	285,000
Income tax expense (recovery)	-	-

Significant components of the unrecognized deferred income tax assets are as follows:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Exploration and evaluation assets	<b>638,000</b>	(3,000)
Share issuance costs	<b>46,000</b>	71,000
Non-capital loss carry-forward	<b>1,864,000</b>	1,160,000
	<b>2,548,000</b>	1,228,000
Unrecognized deferred tax assets	<b>(2,548,000)</b>	(1,228,000)
Deferred tax assets	-	-

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

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The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	<b>December 31, 2023</b>		December 31, 2022	
	<b>Amount</b>	<b>Expiry date</b>	Amount	Expiry date
	<b>\$</b>		<b>\$</b>	
Exploration and evaluation assets	<b>2,300,000</b>	<b>No expiry date</b>	(74,000)	No expiry date
Share issuance costs	<b>170,000</b>	<b>2024 to 2027</b>	263,000	2023 to 2025
Non-capital losses available for future periods	<b>6,905,000</b>	<b>2029 to 2043</b>	4,296,000	2029 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The following significant non-cash transactions have been excluded from the statements of cash flows:

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

- a. The Company reclassified \$44,652 from the option reserve to share capital on the exercise of stock options (Note 7).
- b. The Company reclassified \$185,320 from due accounts payable and accrued liabilities to provisions due to a legal contingent liability with a former employee who left during the year ended 2020 (Note 5).
- c. There was \$537 of exploration expenditures outstanding in accounts payable and accrued liabilities.
- d. The Company had \$16,333 due from related parties related to the exercise of stock options.
- e. During the year ended December 31, 2023, the Company paid \$nil in interest expense and \$nil for taxes.

***For the year ended December 31, 2022***

- a. Shares issued for properties (Notes 4 and 7):

<b>Property</b>	<b>Shares issued</b>	<b>Value at issue date</b>
Paradise Lake	700,000	\$35,000
Miguels Lake	150,000	\$7,500
Stony Caldera	275,000	\$26,125

- b. The Company reclassified \$2,500 from warrants reserve to share capital and \$25,200 from the option reserve to share capital on the exercise of warrants and stock options (Note 7).
- c. The Company reclassified \$185,325 from due to related parties to accounts payable and accrued liabilities due to a former related party who left the Company during the year ended December 31, 2020.
- d. The Company reclassified \$179,019 from exploration advances to exploration and evaluation assets on the recognition of the expenses.
- e. The Company transferred \$135,270 from shares to be cancelled to share capital upon their cancellation (Note 6).
- f. There was \$4,761 of exploration expenditures outstanding in accounts payable and accrued liabilities.

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g. During the year ended December 31, 2022, the Company paid \$nil in interest expense and \$nil for taxes.

**14. FLOW-THROUGH SHARE PREMIUM LIABILITY**

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

<b>Flow-Through Share Premium Liability</b>	<b>December 31, 2023</b>	December 31, 2022
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	-	97,126
Settlement of flow-through share premium liability on expenditures incurred	-	(97,126)
<b>Ending balance</b>	<b>-</b>	<b>-</b>