GEOLOGICA RESOURCE CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

GEOLOGICA RESOURCE CORP.

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Geologica Resource Corp.

Opinion

I have audited the financial statements of Geological Resource Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a material accounting policy information.

In my opinion, the accompanying 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 flow for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $483,629 during the year ended December 31, 2023 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $3,195,638 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the “Material Uncertainty Related to Going Concern” section of this report, we have determined the matter described below to be the key audit matter to be communicated in this report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”)

As described in Note 5 to the financial statements, the carrying amount of the Company’s E&E Assets was $285,052 as at December 31, 2023. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

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

- Evaluating management’s assessment of impairment indicators;
- Evaluating the intent for the E&E Assets through discussion and communication with management;
- Reviewing the Company’s recent expenditure activity; and
- Obtaining supporting of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Burnaby, B.C.
May 3, 2024

Chartered Professional Accountant

GEOLOGICA RESOURCE CORP.

Statements of Financial Position

	December 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ 7,175	$ 47,594
Advances	7,029	7,029
GST receivable	10,602	23,716
Prepaid expenses	-	235,746
Due from related parties (Note 7)	-	41,292
Subscriptions receivable (Note 8)	-	175,000
	24,806	530,377
Non-Current		
Exploration and evaluation assets (Note 5)	285,052	157,146
TOTAL ASSETS	**$ 309,858**	**$ 687,523**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 142,996	$ 96,387
Loans payable (Note 6)	135,649	121,420
Due to related parties (Note 7)	126,108	114,077
TOTAL LIABILITIES	**404,753**	**331,884**
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 8)	2,442,665	2,468,495
Subscriptions received	23,500	-
Contributed surplus (Note 8)	622,006	586,581
Equity component of convertible debt	12,572	12,572
Deficit	(3,195,638)	(2,712,009)
Total shareholders' equity (deficiency)	**(94,895)**	**355,639**
	$ 309,858	**$ 687,523**

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Approved by the directors on May 3, 2024:

"Doug Unwin"   *"Rob Charlton"*

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

GEOLOGICA RESOURCE CORP.

Statements of Loss and Comprehensive Loss

	For the years ended December 31	
	2023	**2022**
Expenses:		
Accounting and audit fees (Note 7)	$ 66,439	$ 46,000
Consulting fees (Note 7)	24,077	122,416
Exploration costs - license	500	500
Finance fees (Note 6)	-	4,763
Foreign exchange loss	7	224
Interest and bank charges (Note 6)	14,878	11,158
Legal fees	-	18,971
Management fees (Note 7)	102,000	60,000
Marketing and investor relations	193,461	39,302
Office and administration	7,915	10,231
Share-based compensation (Notes 7 and 8)	35,425	54,134
Site investigation costs (Note 14)	9,091	-
Transfer agent and filing fees	24,352	38,465
Travel	5,484	644
Total expenses	**(483,629)**	(406,808)
Interest income (Note 8)	-	298
Gain on debt settlement (Note 6, Note 9)	-	3,450
Net loss and comprehensive loss	**(483,629)**	**(403,060)**
Loss per share – Basic and diluted	(0.02)	$ (0.03)
Weighted average number of common shares outstanding	22,593,016	13,715,569

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

GEOLOGICA RESOURCE CORP.
Statements of Cash Flows
For the years ended:

	December 31, 2023	December 31, 2022
Operating Activities		
Net loss for the year	$ (483,629)	$ (403,060)
Items not involving cash:		
Accrued interest and other financing costs	12,464	13,944
Share-based compensation	35,425	54,135
Gain on debt settlement	-	(3,450)
Accrued interest on due from related parties	-	(292)
	(435,740)	(338,723)
Changes in non-cash working capital item related to operations:		
Advances	-	(312)
GST receivable	13,114	(18,044)
Prepaid expenses	235,746	(198,746)
Accounts payable and accrued liabilities	46,609	22,841
Cash used in operating activities	(140,271)	(532,984)
Investing Activity		
Investment in exploration and evaluation assets	(35,656)	(41,263)
Financing Activities		
Payment of loans payable	(10,300)	(11,329)
Proceeds from loan payable	10,000	10,000
Proceeds from issuance of common shares	95,420	763,000
Share issuance costs	-	(201,161)
Change in due to related parties	55,388	29,312
Subscription received	(15,000)	(41,000)
Cash provided by financing activities	135,508	548,822
Increase (decrease) in cash during the year	(40,419)	(25,425)
Cash, beginning of the year	47,594	73,019
Cash, net of excess of cheques written over deposits, end of the year	$ 7,175	$ 47,594

Supplemental cash flow information (Note 11)

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

GEOLOGICA RESOURCE CORP.

Statements of Changes in Shareholders' Equity (Deficiency)

	Number of Shares	Share Capital $	Subscriptions received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2021	**12,389,252**	**1,696,489**	**-**	**514,277**	**12,572**	**(2,308,949)**	**(85,611)**
Initial public offering (Note 4)	6,830,000	683,000	-	-	-	-	683,000
IPO Agent's finance fee shares (Note 4)	100,000	10,000	-	-	-	-	10,000
IPO Agent's warrants (Note 4)		(18,170)	-	18,170	-	-	-
IPO Agent's commission (Note 4)	-	(33,640)	-	-	-	-	(33,640)
IPO share issuance costs (Note 4)	-	(172,021)	-	-	-	-	(172,021)
Shares issued for cash	2,550,000	255,000	-	-	-	-	255,000
Share issuance costs	-	(5,500)	-	-	-	-	(5,500)
Shares issued for debt settlement (Note 6)	115,000	8,050	-	-	-	-	8,050
Shares issued for exploration and evaluation assets (Note 5)	646,951	45,287	-	-	-	-	45,287
Share-based compensation	-	-	-	54,134	-	-	54,134
Loss for the year	-	-	-	-	-	(403,060)	(403,060)
Balance, December 31, 2022	**22,631,203**	**2,468,495**	**-**	**586,581**	**12,572**	**(2,712,009)**	**355,639**
Share-based compensation	-	-	-	35,425	-	-	35,425
Shares issued for cash	1,200,000	60,000	(15,000)	-	-	-	45,000
Shares returned to treasury	(1,750,000)	(175,000)	-	-	-	-	(175,000)
Shares issued for property	2,050,000	92,250		-	-	-	92,250
Shares issued for cash		(3,080)	38,500	-	-	-	38,420
Loss for the year	-	-		-	-	(483,629)	(483,629)
Balance, December 31, 2023	**24,131,203**	**2,442,665**	**23,500**	**622,006**	**12,572**	**(3,195,638)**	**(94,895)**

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

1. Nature and Continuance of Operations

Geologica Resource Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 630 – 1111 Melville St. Vancouver, BC V6E 3V6. The registered and records office of the Company is located at the same address. The Company was spun off from PT on October 13, 2016 by way of a plan of arrangement. Effective February 24, 2021, the Company changed its name from Cabbay Holdings Corp. to Geologica Resource Corp.

On October 25, 2022 the Company completed an Initial Public Offering and was listed on the CSE under the symbol "GRCM" (Note 4).

On November 18, 2022, the Company was listed on the Frankfurt Stock Exchange under the symbol "862 and on December 15, 2022, the Company was listed on the Stuttgart Stock Exchange under the symbol "A2QQBC".

The Company's principal business activities are the exploration of natural resource properties.
The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is in the exploration stage.

The exploration and evaluation property in which the Company has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2023, the Company has no source of revenue and does not generate cash flows from operating activities. The Company had a net loss for the year ended December 30, 2023 of $483,629 (2022 - $403,060) and an accumulated deficit at December 31, 2023 of $3,195,638 (2022 - $2,712,009).

1. Nature and Continuance of Operations (continued)

The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These financial statements of the Company for the year ended December 31 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issue by the board of directors on May 3, 2024.

(b) Basis of Presentation

These financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Material Accounting Policies

(a) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is measured 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. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions, relate to, but are not limited to, the following:

3. Material Accounting Policies (continued)

Estimates:

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimated fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 9.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 10).

Judgments:

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.

3. Material Accounting Policies (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. That judgment 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 profit or loss in the period the new information becomes available.

Going Concern

The assumption is that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

(b) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(c) Property, plant and equipment

Property, plant and equipment is recorded at cost. Amortization is provided on a declining balance basis at the following annual rates:

Computer equipment	55%

In the year of acquisition, only one-half the normal rate is applied.

(d) Exploration and evaluation assets

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management judges there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized on a property-by property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration, and evaluation assets according to the nature of the assets acquired. When a license is relinquished, or a project is abandoned, the related costs are recognized in profit and loss immediately.

3. Material Accounting Policies (continued)

Management reviews the carrying value of capitalized exploration and evaluation expenditures at least annually. The review is based on the Company's intentions for development. If a project does not prove viable or the Company does not otherwise intend to develop, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property.

(e) 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 exploration and evaluation assets 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 restoration asset will be depreciated on the same basis as other mining assets.

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 mining assets 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 reclamation costs, are charged to the statement of loss and comprehensive loss for the period.

(f) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. If there is any indication the asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is measured as the higher of an asset's or cash generating unit's fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its fair value with the loss recognized in income or loss.

3. Material Accounting Policies (continued)

(g) Leases

The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, of the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

(h) Loss per share

Basic loss per share is calculated based on the weighted average number of shares outstanding during the period. The treasury stock method is used for determining the dilutive effect of options and warrants issued in calculating the diluted earnings per share. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants, and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the year ended December 31, 2022, this calculation proved to be anti-dilutive and therefore diluted per share amounts do not differ from basic per share amounts.

(i) Share capital

Common shares are classified as equity. 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. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(j) Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the Company made with the proceeds. 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.

3. Material Accounting Policies (continued)

(k) Share-based payments

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 the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount in equity reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payments reserve. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(l) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. Material Accounting Policies (continued)

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified its cash at fair value through profit or loss. The company's advances, due from related parties and subscriptions receivable are held 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 fair value through profit or loss ("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:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measures at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("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.

3. Material Accounting Policies (continued)

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

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 income (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.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties as financial liabilities held at amortized cost.

3. Material Accounting Policies (continued)

(n) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes due from related parties that can be converted to shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(o) **New Accounting Standards Effective in 2023**

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies

The amendments require that an entity discloses its material accounting policy information, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. This amendment did not have a significant impact to the Company's consolidated financial statements.

4. Initial Public Offering

On April 27, 2022, the Company filed a final prospectus with the British Columbia, Alberta and Ontario Securities Commissions (the "Prospectus"). The Prospectus covers the offering of a minimum of 6,500,000 common shares of the Company to a maximum of 10,000,000 common shares of the Company at a price of $0.10 (the "Offering") for gross proceeds of a minimum $650,000 and maximum $1,000,000. Research Capital acted as the agent (the "Agent") for the Offering. The Agent received a commission of 8% of the capital raised under the offering and warrants equal to 8% of the common shares issued under the offering as well as corporate finance fees.

On July 27, 2022 the Company received a receipt from the BCSC for its Amended and Restated Prospectus, extending the final distribution date to October 25, 2022.

4. Initial Public Offering (Continued)

On October 25, 2022 the Company completed an initial public offering ("IPO") by issuing 6,830,000 common shares for proceeds of $683,000. The Company was listed on the Canadian Securities Exchange under the symbol "GRCM". As compensation for acting as an IPO agent, the Agent received:

- A commission of $33,640 paid in cash.
- A corporate finance fee of $35,000 plus applicable taxes, $25,000 of which was paid in cash and the remaining $10,000 was paid by issuing 100,000 common shares.
- 336,400 agent's warrants. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share until October 25, 2024.
- Reimbursement of certain expenses.

Total cash share issuance costs amounted to $195,661 and mainly consisted of Agent's commission, Agent's corporate finance fee, finder's fees, legal, listing and filing fees.

The Agent received an over-allotment option, exercisable in whole or in part for a period of 30 days following the closing of the IPO, to sell up to an additional 15% of the Offering at the Offering price to cover over-allotments and for market stabilization purposes. This option has not been exercised.

5. Exploration and Evaluation Assets

<u>Topley Property option agreement</u>

On October 19, 2020, the Company entered into an option agreement to earn a 100% interest in the Topley Copper-Gold Project in British Columbia. The agreement was amended on January 22, 2022 so the first 500,000 shares are issuable on listing of the Company's shares, and on September 29, 2022 to extend the date the Company must make the remaining exploration expenditures from September 30, 2022 to May 30, 2023.

In order to earn an interest in the property, the Company must make the following:

Cash payments:

- $5,000 on signing the agreement (paid)
- $50,000 by December 31, 2023

Share issuances:

- 500,000 on listing of the Company's shares (issued)
- 250,000 by December 31, 2022 (issued on June 27, 2023)
- 250,000 by December 31, 2023 (outstanding)

5. Exploration and Evaluation Assets (Continued)

Pursuant to an Agreement dated February 28, 2023 with Atkinson Resource Corp (the "seller'), the Company expanded the Topley Property in exchange for $20,000 cash and issuing 1,800,000 common shares. The $20,000 is to be spent by the seller to conduct exploration on the Rooster Property before December 31, 2023.

Exploration expenditures:

- $15,000 by November 7, 2020 (incurred)
- $25,000 by December 31, 2020 (incurred)
- $110,000 by May 30, 2023 ($67,394 incurred)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for $1,000,000.

<u>TAC Claims purchase and sale agreement</u>

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Copper-Gold project and adds 37.4 hectares to the Company's land position. On December 19, 2021, the agreement was amended so that the first 5,000 shares would be issued at a rate of $0.10 per share.

In order to earn an interest in the property, the Company must make the following:

Cash payment:

- $2,500 on signing the agreement (paid)

Share issuances:

- Shares valued at $5,000 by December 31, 2021 (issued 50,000 common shares)
- Shares valued at $10,000 by December 31, 2022 (issued 121,951 common shares)
- Shares valued at $15,000 by December 31, 2023 (outstanding)
- Shares valued at $20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

5. Exploration and Evaluation Assets (continued)

A continuity of the Company's exploration and evaluation assets for the years ended December 31, 2023 and 2022 is as follows:

		Topley Property
Balance December 31, 2021	**$**	**69,976**
Acquisition costs - shares		45,287
Exploration costs		
Assay		12,300
Geological		2,420
Permits		907
Sampling		6,256
Technical report		20,000
Balance December 31, 2022	**$**	**157,146**
Acquisition costs – Topley -shares		92,250
Exploration costs – Topley		
Data analysis, survey planning geophysics and geochemical surveys		21,299
Mining exploration tax credit		(5,658)
Property payment – Atkinson		10,000
Exploration costs - Atkinson		
Data analysis and survey planning		10,015
Balance December 31, 2023	**$**	**285,052**

6. Loans Payable

A continuity of the loans payable is as follows:

Balance, December 31, 2021	**$**	**100,768**
Proceeds		10,000
Repayments and settlements		(1,329)
Interest accrued		11,981
Balance, December 31, 2022	**$**	**121,420**
Proceeds		10,000
Repayments		(10,300)
Interest accrued		14,529
Balance, December 31, 2023	**$**	**135,649**

On November 18, 2021, the Company signed an agreement whereby the principal of the interest-bearing loan in the amount of $56,000 was extended and becomes due on November 18, 2023. The Company must pay a finance fee of $5,600 which is due at the same time as the principal. The loan accrues interest at 1% per month, payable quarterly. The unpaid interest accrued on the original loan remains due to the lender. The extension was accounted for as a modification of debt and the finance fee is amortized over the term of the loan.

On November 20, 2021, the Company issued promissory notes in the amount of $30,000 pursuant to a private placement. The notes bear interest at 12% annually and mature on November 20, 2024. The first three months of interest, equal to 3% of the principal, was paid in advance in common shares of the Company with a fair value of $0.10 per share. The holders were paid a finance fee equal to 10% of the principal in common shares with a fair value of $0.10 per share which is amortized over the term of the loan.

In the case that the Company had not completed an IPO by August 20, 2022, the Company would issue additional notes to the holders for 10% of the value of the original notes ("Contingent Consideration"). The new notes would have the same terms as the original notes less the contingent consideration and administration fee. The Company did not complete an IPO by August 20, 2022, and as a result, the Company issued additional notes of $1,000, representing 10% of the value of the outstanding original notes.

On December 23, 2022, the Company issued 10,000 common shares with a fair value of $0.07 per share to settle $1,000 of the promissory note.

6. Related Party Transactions

Transactions with related parties are as follows:

	December 31, 2023	December 31, 2022
Accounting fees to a Company previously related to the CFO and director	$ 15,500	$ 10,000
Consulting fees to the CFO and director	18,000	12,000
Management fees to the CEO and director	102,000	57,500
	$ 135,500	**$ 79,500**

Furthermore, during the year ended December 31, 2023, the Company issued 100,000 stock options to purchase common shares of the Company at a price of $0.075 for two years to a director of the Company. Share-based payments of $5,538 were incurred. See Note 8.

Balances due from (to) the CEO and Director

As of December 31, 2023 the Company has $20,120 (2022 - $31,264) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

As of December 31, 2023, the Company has loan receivable of $nil (2022 - $41,292) due from a Company controlled by the CEO. During the year ended December 31, 2023, this loan was settled against due to related party, resulting in a reduction of loan receivable and due to related party of $43,357. The loan accrued interest at 5% per annum and is due on November 9, 2023. Interest of $2,064 was charged during the year ended December 31, 2023.

Balance due to the CFO and director

As of December 31, 2023, the Company has $47,413 (2022 - $47,413) owing to a company previously related to the CFO and director, and $58,675 (2022 - $35,500) owing to that director. The amounts do not bear interest and have no set terms of repayment.

Balance due from former subsidiary

During the year ended December 31, 2022, the Company loaned $100 to its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

8. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at December 31, 2023, the Company has 24,131,203 (2022 - 22,631,203) common shares issued and outstanding.

On June 27, 2023, the Company issued 2,050,000 common shares at $0.045 with a fair value of 92,250 for its Topley property.

During the year ended December 31, 2023, the Company returned to treasury 1,750,000 common shares with a book value of $175,000, or $0.10 per common share.

On December 28, 2023 the Company issued 770,000 flow thru shares for $38,500 and 430,000 Units for $21,500. Each Unit consisted of a share and a warrant to purchase a share.

Financings

During the year ended December 31, 2023, 770,000 flow-through common shares for total proceeds of $38,500 and 430,000 units of the Company for total of $21,500. Each unit consists of one common share and one warrant to purchase one common share of the Company for two years at a price of $0.08.

Stock options and share based payments

As at December 31, 2023, the Company had 1,825,000 stock options outstanding as noted below:

Grant Date	Expiry date	Years Remaining	Options outstanding	Exercise Price $
November 2, 2022	November 1, 2027	3.84	1,125,000	0.075
March 3, 2023	March 2, 2025	1.17	400,000	0.11
March 3, 2023	March 2, 2026	2.17	200,000	0.11
March 17, 2023	March 16, 2028	4.21	700,000	0.11
Total		3.09	1,825,000	0.09

8. Share Capital (Continued)

As at December 31, 2022, the Company had 1,825,000 stock options outstanding as noted below:

Grant Date	Expiry date	Years Remaining	Options outstanding	Exercise Price $
November 2, 2022	November 1, 2027	4.84	1,125,000	0.075

During the year ended December 31, 2023:

On March 3, 2023, the Company issued 400,000 stock options to purchase one common share of the Company with an exercise price of $0.125 to consultants for a period of two years. Share-based payments expense of $18,301 was recorded.

On March 3, 2023, the Company issued 200,000 stock options to purchase one common share of the Company with an exercise price of $0.10 to consultants for a period of three years. Share-based payment expense of $11,586 was recorded.

On March 17, 2023, the Company issued 100,000 stock options to a director of the Company with an exercise price of $0.075 for a period of five years. Share-based payment expense of $5,538 was recorded.

There were no stock options issued during the year ended December 31, 2022.

The options outstanding and exercisable as at December 31, 2023 had a weighted average remaining contractual life of 3.09 years (2022 – 4.84). Stock option activity was as follows:

	Options outstanding	Exercise Price $
Balance December 31, 2022 and 2021	1,125,000	0.075
Issued	700,000	0.11
Balance, December 31, 2023	1,825,000	0.09

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options.

8. Share Capital (Continued)

The assumptions used in the Black-Scholes pricing model were:

	December 31, 2023	December 31, 2022
Expected volatility	**129%**	-
Risk free interest rate	**4.01%**	-
Expected life in years	**2.71**	-
Grant date fair value per share	**$0.05**	-
Forfeiture rate	**0%**	-

Warrants

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

Expiry Date	Exercise Price $	Warrants outstanding #
October 25, 2024	0.10	336,400
March 29, 2026	0.125	661,300
December 28, 2025	0.08	430,000
	0.12	**1,427,700**

During the year ended December 31, 2023, 200,000 warrants at a price of $0.05 and 645,743 warrants at a price of $0.25 expired unexercised. The weighted average remaining years of the warrants is 1.43 years.

9. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

10. Financial Instruments and Risk

As at December 31, 2023, the Company's financial instruments consist of cash, advances, accounts payable and accrued liabilities, due from related parties, loans payable, and due to related parties.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, advances, due from related parties and subscriptions receivable. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

10. Financial Instruments and Risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure relating to cash of $7,175 (2022 - $47,594) held in deposits at Canadian chartered banks, due from related parties of $nil (2022 - $41,292) and subscriptions receivable of $nil (December 31, 2022 - $175,000). The Company considers this credit risk to be minimal.

Liquidity Risk

The Company's financial liabilities consist of $142,996 (2022 - $96,387) in accounts payable and accrued liabilities, $135,649 (2022 - $121,420) in loans payable, and $126,108 (2022 - $114,077) in due to related parties. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

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 a loss is limited because the Company's interest-bearing notes due from related parties and notes payable have fixed rates of interest.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

As at December 31, 2023, the Company had the following instruments measured at Level 1: Cash of $7,175 (2022 - $47,594), Due from related parties of $nil (2022 - $41,292), accounts payable of $142,996 (2022 - $96,387), loans payable of $135,649 (2022 - $121,420) and Due to related parties of $126,108 (2022 - $114,077).

10. Financial Instruments and Risk (continued)

The fair value of long-term loans payable are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at December 31, 2023, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, shares payable, due from related parties, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

11. Supplemental Cash Flow Information

	2023	2022
Cash paid for interest	-	1,360
Settlement of related party receivable	43,357	-
Cash paid for income taxes	-	-
Shares issued for property	92,250	-

Significant non-cash investing and financing disclosures are included in Notes 5, 6, and 8.

12. Commitments

On December 16, 2021, the Company issued 1,325,000 flow-through shares and is required to make qualifying expenditures of $132,500 by December 16, 2023. As at December 31, 2023, $74,692 (December 31, 2022 - $74,692) remains on the commitment (Note 9).

On December 23, 2022, the Company issued 800,000 flow-through shares and is required to make qualifying expenditures of $80,000 by December 23, 2024. As of December 31, 2023, $80,000 (December 31, 2022 - $80,000) remains on the commitment (Note 9).

13. Income Taxes

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rate of 27% to income tax expense is:

	2022	2022
	$	$
Loss for the year	(483,629)	(372,060)
Expected income tax (recovery)	(131,000)	(100,000)
Permanent and other differences	2,000	2,000
Change in benefit not recognized	129,000	98,000
Total income tax expense (recovery)	-	-

Deferred taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets are evaluated periodically and if realization is not considered likely, a valuation allowance is provided.

	2022	2022
	$	$
Deferred tax assets (liabilities)		
Non-capital loss carry-forwards	553,000	420,000
Financing and others	22,000	32,000
Unrecognized deferred tax assets	573,000	452,000

The Company has the following non-capital losses, which will expire as follows:

	$
2036	6,739
2037	181,399
2038	321,788
2039	324,162
2040	130,203
2041	227,283
2042	365,158
2043	492,335
	2,049,067

14. Site investigation costs

Due to uneconomical circumstances, the Company abandoned the property in Namibia, Africa.

15. Subsequent events

- On February 21, 2024 the Company issued 400,000 options to directors and consultants. The options expire in 5 years from the date of issuance.

- Pursuant to a Purchase and Sale Agreement dated April 12, 2024, the Company purchased a 100% interest in a mineral property in British Columbia known as the Topley West. To complete the purchase of the property, the Company must issue 2,000,000 shares on transfer of the property from an arms-length vendor.

- The Company intends to issue 10 million units at 3.5 cents per unit for total proceeds of $350,000. Each unit consists of a share and a whole warrant. Each warrant may be exercised for one share for two years from closing for five cents. A warrant holder must exercise the warrant, within 30 days of the shares of the company trading at a 20-day volume-weighted average price of 10 cents or greater once the four-month statutory hold has expired.