CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the six months ended June 30, 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at	Note(s)	June 30, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	4	5,921,618	6,036,504
Amounts receivable		43,242	97,334
Prepaid expenses		210,704	248,256
		6,175,564	**6,382,094**
Non-current assets			
Reclamation deposits	6	186,339	164,073
Property and equipment	5	2,067,131	199,852
Exploration and evaluation assets	6	39,933,387	36,215,068
		42,186,857	**36,578,993**
TOTAL ASSETS		**48,362,421**	**42,961,087**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	2,426,284	895,461
Current portion of lease obligation	7	577,077	29,797
Current portion of loan payable	8	4,024,087	-
		7,027,448	**925,258**
Non-current liabilities			
Lease obligation	7	949,113	94,111
		949,113	**94,111**
TOTAL LIABILITIES		**7,976,561**	**1,019,369**
SHAREHOLDERS' EQUITY			
Share capital	9	65,118,945	59,705,367
Warrants reserve	9	1,425,310	1,425,310
Stock options reserve	9	4,182,276	4,216,809
Accumulated deficit		(29,909,868)	(23,565,126)
Accumulated other comprehensive income (loss)		(430,803)	159,358
Equity attributable to owners of the Company		**40,385,860**	**41,941,718**
TOTAL SHAREHOLDERS' EQUITY		**40,385,860**	**41,941,718**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**48,362,421**	**42,961,087**

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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director **/s/ Joness Lang Director**

(Expressed in Canadian Dollars)

		For the three months ended		For the six months ended	
	Note(s)	June 30, 2023 $	June 30, 2022 $	June 30, 2023 $	June 30, 2022 $
Expenses (income)					
Consulting fees	10	92,099	77,936	304,437	151,264
Depreciation	5	9,753	89	19,507	177
Exploration and evaluation costs	6	3,922,882	1,429,667	4,937,894	2,625,696
Finance income		(23,577)	(2,288)	(60,109)	(3,227)
Finance costs	7, 8	76,711	-	80,251	-
Foreign exchange (gain) loss		(210,015)	19,137	(198,020)	23,459
General and administrative expenses		103,660	64,555	244,136	138,127
Directors' fees	10	16,169	22,974	32,503	30,476
Professional fees	10	142,192	319,728	268,780	414,233
Project evaluation costs		-	-	-	3,299
Share-based payments	9	-	-	-	1,827,754
Shareholder information and investor relations		325,133	132,671	554,959	271,431
Transfer agent, regulatory and filing fees		41,948	25,687	98,931	47,924
Travel		42,975	81,431	61,473	135,455
Total expenses		**(4,539,930)**	**(2,171,587)**	**(6,344,742)**	**(5,666,068)**
Net loss		**(4,539,930)**	**(2,171,587)**	**(6,344,742)**	**(5,666,068)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(571,371)	412,145	(590,161)	207,080
Loss and comprehensive loss		**(5,111,301)**	**(1,759,442)**	**(6,934,903)**	**(5,458,988)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.02)**	**(0.02)**	**(0.04)**	**(0.05)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**184,821,607**	**117,930,967**	**180,820,003**	**117,867,662**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Note(s)	Share capital #	Share capital $	Warrants reserve $	Stock options reserve $	Accumulated deficit $	Accumulated other comprehensive income (loss) $	TOTAL $
Balance as of December 31, 2022		**176,773,937**	**59,705,367**	**1,425,310**	**4,216,809**	**(23,565,126)**	**159,358**	**41,941,718**
Shares issued for cash - exercise of warrants	9	8,181,964	1,309,114	-	-	-	-	**1,309,114**
Shares issued for cash - exercise of stock options	9	132,150	44,931	-	-	-	-	**44,931**
Shares issued for acquisition of Constantine Metal Resources Ltd.	3, 9	11,500,000	4,025,000	-	-	-	-	**4,025,000**
Reclassification of grant-date fair value on exercise of stock options	9	-	34,533	-	(34,533)	-	-	**-**
Loss and comprehensive loss		-	-	-	-	(6,344,742)	(590,161)	**(6,934,903)**
Balance as of June 30, 2023		**196,588,051**	**65,118,945**	**1,425,310**	**4,182,276**	**(29,909,868)**	**(430,803)**	**40,385,860**

	Note(s)	Share capital #	Share capital $	Warrants reserve $	Stock options reserve $	Accumulated deficit $	Accumulated other comprehensive income (loss) $	TOTAL $
Balance as of December 31, 2021		**117,764,209**	**39,568,281**	**508,734**	**1,810,884**	**(13,474,114)**	**(348,707)**	**28,065,078**
Shares issued for cash - stock option exercise	9	275000	110,000	-	-	-	-	**110,000**
Reclassification of grant-date fair value on exercise of stock options	9	-	57,278	-	(57,278)	-	-	**-**
Share-based payments	9	-	-	-	1,827,754	-	-	**1,827,754**
Loss and comprehensive loss		-	-	-	-	(5,666,068)	207,080	**(5,458,988)**
Balance as of June 30, 2022		**118,039,209**	**39,735,559**	**508,734**	**3,581,360**	**(19,140,182)**	**(141,627)**	**24,543,844**

(Expressed in Canadian Dollars)

		For the six months ended	
	Note(s)	June 30, 2023 $	June 30, 2022 $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Loss		(6,344,742)	(5,666,068)
Accretion of interest of lease obligation	7	43,838	-
Depreciation	5	195,476	6,212
Share-based payments	9	-	1,827,754
Net changes in non-cash working capital items:			
Amounts receivable		54,446	(29,885)
Prepaid expenses		37,221	(44,649)
Accounts payable and accrued liabilities		1,467,259	(193,160)
Cash flow used in operating activities		**(4,546,502)**	**(4,099,796)**
INVESTING ACTIVITIES			
Acquisition costs on exploration and evaluation assets		-	(57,947)
Net cash paid on acquisition	3	(275,483)	-
Cash paid for reclamation deposits	6	(26,968)	-
Purchase of property and equipment	5	(529,844)	-
Recovery of exploration and evaluation assets	6	33,806	31,663
Cash flow used in investing activities		**(798,489)**	**(26,284)**
FINANCING ACTIVITIES			
Lease payments	7	(181,516)	-
Proceeds on exercise of options	9	44,931	110,000
Proceeds on exercise of warrants	9	1,309,114	-
Proceeds on loan payable, net of transaction costs	8	4,079,732	-
Cash flow provided by financing activities		**5,252,261**	**110,000**
Effects of exchange rate changes on cash and cash equivalents		(22,156)	121
Decrease in cash and cash equivalents		**(114,886)**	**(4,015,959)**
Cash and cash equivalents, beginning of period	4	**6,036,504**	**15,085,675**
Cash and cash equivalents, end of period	4	**5,921,618**	**11,069,716**
Supplemental cash flow information			
Initial recognition of right-of-use assets and lease obligations	7	1,555,771	-
Reclassification of grant-date fair value on exercise of stock options	9	34,533	57,278
Shares issued for acquisition	3, 9	4,025,000	-
Cash paid for income taxes		-	-
Cash paid for interest	7	43,838	-

1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration.

The Company’s head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

The Company’s shares are listed on the Canadian Securities Exchange (the “CSE”) under the symbol “USGD”. On February 25, 2022, the Company’s common shares traded on the OTCQX Best Market (the “OTCQX”) under the ticker symbol of “USGDF”.

As of the date of these unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at June 30, 2023, the Company had working capital deficiency of $851,884 (December 31, 2022 – working capital of $5,456,836) and an accumulated deficit of $29,909,868 (December 31, 2022 – $23,565,126). The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

Acquisition of Clearview Gold Inc (“CGI”) (Note 3)
On May 2, 2023, the Company entered into a definitive agreement (the “CGI Agreement”), pursuant to which the Company will acquire all of the issued and outstanding common shares of CGI, a private exploration company that is part of the NewQuest Capital company (the “CGI Acquisition”). The CGI Acquisition was completed on May 17, 2023 (the “CGI Closing Date”).

Under the terms of the CGI Agreement, on the CGI Closing Date, the Company paid $200,000 and issued 11.5 million common shares of the Company.

Financial Reporting and Disclosure during Economic Uncertainty
In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

These unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2023 were approved by the Board of Directors on August 28, 2023.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards
These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation
These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022.

Comparative Figures
Certain comparative figures have been reclassified in accordance with the current year's presentation.

New accounting standards
There were no new or amended IFRS pronouncements effective January 1, 2023 that impacted these condensed consolidated interim financial statements.

3) ACQUISITION OF CLEARVIEW GOLD INC

As discussed in Note 1, on May 17, 2023, the Company closed the CGI Acquisition by issuing 11,500,000 common shares of the Company (the "Consideration Shares") with fair value of $4,025,000 and paid cash of $200,000.

The Consideration Shares are subject to a voluntary hold period from the date of issuance pursuant to which:

i. 25% of the Consideration Shares were released on the CGI Closing Date;
ii. 25% of the Consideration Shares will be released on the four-month anniversary of the CGI Closing Date;
iii. 25% of the Consideration Shares will be released on the eight-month anniversary of the CGI Closing Date; and
iv. 25% of the Consideration Shares will be released on the twelve-month anniversary of the CGI Closing Date.

The Acquisition constitutes an asset acquisition as CGI does not meet the definition of a business, as defined in IFRS 3, "Business Combinations" and is accounted for in accordance with guidance provided IFRS 2, "Share-Based Payment".

In connection with the CGI Acquisition, the Company incurred transaction costs of $75,555.

(Expressed in Canadian Dollars)

3) ACQUISITION OF CLEARVIEW GOLD INC (CONTINUED)

The total consideration of $4,225,000 and the transaction costs of $275,555 associated with the CGI Acquisition has been allocated as follows:

	$
Cash	72
Amounts receivable	354
Exploration and evaluation assets	4,300,129
Fair value of net assets acquired	**4,300,555**
Consideration comprised of:	
Fair value of common shares issued	4,025,000
Cash paid	200,000
Transaction costs	75,555
	4,300,555

4) CASH AND CASH EQUIVALENTS

	June 30, 2023 $	December 31, 2022 $
Cash	3,823,615	1,978,821
Cash equivalents	2,098,003	4,057,683
	5,921,618	**6,036,504**

5) PROPERTY AND EQUIPMENT

	Building $	Computer equipment $	Field equipment $	Right-of-use assets $	Total $
COST					
As of December 31, 2022	64,272	12,878	43,790	128,537	**249,477**
Addition	-	3,437	-	2,082,178	**2,085,615**
Effect of movements on exchange rates	(1,619)	(96)	(1,377)	(24,151)	**(27,243)**
As of June 30, 2023	**62,653**	**16,219**	**42,413**	**2,186,564**	**2,307,849**
ACCUMULATED DEPRECIATION					
As of December 31, 2022	(32,135)	(9,497)	(1,873)	(6,120)	**(49,625)**
Addition	(6,400)	(1,147)	(5,815)	(182,114)	**(195,476)**
Effect of movements on exchange rates	945	23	444	2,971	**4,383**
As of June 30, 2023	**(37,590)**	**(10,621)**	**(7,244)**	**(185,263)**	**(240,718)**
Net book value as of June 30, 2023	**25,063**	**5,598**	**35,169**	**2,001,301**	**2,067,131**

During the six months ended June 30, 2023, the Company, through its joint operation (CML (Note 6)), entered into a lease agreement for the camp equipment used for the Palmer Project (Note 7). CML incurred delivery and installation fees of US$966,600, which were capitalized as right-of-use assets. Including the fair value of the lease term (US$5,595,846) and the delivery and installation fees, the Company initially recognized $2,082,178 as right-of-use assets based on its proportionate interest in CML (Note 6). The right-of-use assets will be depreciated over the lease term.

(Expressed in Canadian Dollars)

5) PROPERTY AND EQUIPMENT (CONTINUED)

During the six months ended June 30, 2023, the Company charged $195,476 (June 30, 2022 – $6,212) in depreciation of which $175,969 was recognized as exploration and evaluation costs in the statements of loss (Note 6) (June 30, 2022 – $6,035).

6) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets

Project / Property	Balance as of December 31, 2022 $	Acquisition costs $	Option payments received $	Effect of movements in exchange rate $	Balance as of June 30, 2023 $
Alpha	-	115,672	-	(2,343)	113,329
Big Nugget	344,813	-	-	-	344,813
Danny Boy	-	2,124,930	-	(1,883)	2,123,047
Gooseberry	38,859	-	-	(7,971)	30,888
Haines Block	1,688,270	-	-	(21,853)	1,666,417
Madison	8,770,166	-	(33,806)	(97,052)	8,639,308
Palmer	20,108,787	-	-	(284,459)	19,824,328
Red Hill	106,044	-	-	(2,671)	103,373
South Lida	644,161	-	-	(15,853)	628,308
Tuscarora	4,513,968	-	-	(113,361)	4,400,607
Ziggurat	-	2,059,527	-	(558)	2,058,969
	36,215,068	**4,300,129**	**(33,806)**	**(548,004)**	**39,933,387**

Exploration and evaluation costs incurred by the Company during the six months ended June 30, 2023 and 2022

During the six months ended June 30, 2023

	Gooseberry project $	Madison project $	Tuscarora project $	Palmer Property $	TOTAL $
Consulting	172,378	48,230	35,784	742,888	999,280
Depreciation	-	6,400	-	169,569	175,969
Drilling	784,365	-	-	498,960	1,283,325
Field	4,241	31,398	2,275	137,949	175,863
Field office administration	2,250	-	1,218	323,628	327,096
Field technicians	-	18,592	-	-	18,592
Geological	54,029	-	2,697	304,290	361,016
Recoveries	-	-	-	632,137	632,137
Royalty payments	-	-	64,723	11,685	76,408
Sample analysis	-	-	3,581	-	3,581
Transportation	-	-	454	196,642	197,096
Travel	7,697	-	2,327	32,789	42,813
Technical studies	-	-	-	642,274	642,274
Social responsibility	-	-	-	2,444	2,444
	1,024,960	**104,620**	**113,059**	**3,695,255**	**4,937,894**

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

During the six months ended June 30, 2022

	Gooseberry project $	Madison project $	South Lida claims $	Tuscarora property $	Total $
Consulting	28,967	33,774	7,398	62,905	**133,044**
Depreciation	-	6,035	-	-	**6,035**
Drilling	267,212	-	-	888,428	**1,155,640**
Equipment rental	13,365	-	-	26,540	**39,905**
Field	82,361	2,985	-	10,252	**95,598**
Field office administration	-	-	-	2,721	**2,721**
Field technicians	-	92,573	-	-	**92,573**
Geological	248,632	-	6,533	474,028	**729,193**
Royalty payments	-	-	-	38,142	**38,142**
Sample analysis	107,569	-	-	116,394	**223,963**
Transportation	-	-	-	108,882	**108,882**
	748,106	**135,367**	**13,931**	**1,728,292**	**2,625,696**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida Project (Nevada, USA)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the “SL Claims Purchase Agreement”) with David Saderholm (the “Trustee”), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the “Vendors”) whereby the Vendors agreed to sell the South Lida Project in exchange for shares in the Company.

Pursuant to the SL Claim Purchase Agreement, the Company issued the Vendors a total of 1,000,000 common shares.

The acquisition of the South Lida Project is a related party transaction as two of the Vendors are officers and directors of the Company.

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, US)
On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Project (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, the Company:

a) made $400,000 cash payments to Novo Resources Corp.; and
b) issued 266,667 common shares of the Company to Novo Resources Corp.

In addition, to earn the Tuscarora Option, the Company will have to incur US$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter[1].

The property is subject to Net Smelter Returns (the "NSR") royalties of 0.5% which may be reduced to nil (0%) by paying US$500,000.

In addition, the Company is also required to make the following payments to Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora Project:

a) Annual minimum royalty payments

On or before:	$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	Paid[2]
November 7, 2021	8,000	Paid
November 7, 2022	8,000	Paid
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

b) Production royalty based on the NSR from the production and sale of minerals from the Tuscarora Project. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora Project for which the royalty is payable as follows:

- less than or equal to $1,500 Two percent (2%)
- greater than $1,500 but less than or equal to $2,000 Three percent (3%)
- greater than $2,000 Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the NSR.

[1] This amount has been incurred annually since the first anniversary of the listing date.
[2] Paid by AmmPower Corp.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, US) (continued)

Lease assignment agreement with Ubica Gold Corp. ("Ubica")

On September 15, 2021, the Company entered into a lease assignment agreement with Ubica Gold Corp. ("Ubica") (the "Ubica Agreement"). Pursuant to the terms of the Ubica Agreement, the Company issued 3,700,000 common shares with fair value of $3,293,000 (the "Ubica Payment Shares") and paid $800,000 in cash to Ubica on September 15, 2021 to acquire claims at Tuscarora. The Ubica Payment Shares are subject to voluntary hold periods, with 25% of the Ubica Payment Shares released on September 15, 2021 and an additional 25% released every 6 months thereafter until all Ubica Payment Shares have been released.

The Ubica Agreement consists of three sublease agreements:

- An agreement entered between Ubica and RS Gold, LLC (the "RS Agreement");
- An agreement entered between Ubica and Timothy Tigerman (the "Tigerman Agreement"); and
- An agreement entered between Ubica and Jerry K. and Lori L. Fogle, Debra L. Jacob, and Lanny and Pamela M. Morrison (collectively the "RH Lessor") (the "Rose Hill Agreement").

  (collectively, the "Ubica Sublease Agreements")

Pursuant to the Ubica Agreement, the Company is responsible for making the payments which are due on or after September 15, 2021 under the Ubica Sublease Agreements.

- **RS Agreement**

  The initial term (the "RS Initial Term") of the RS Agreement is 20 years from April 23, 2019, the date which the RS Agreement was signed. Ubica has the option to extend the RS Agreement for an additional 20 years (the "RS Renewal Term").

  Pursuant to the RS Agreement, the Company will make the following payments:

  Advanced royalty payment
  - US$20,000 on or before April 23, 2022 (paid);
  - US$30,000 on or before April 23, 2023 (paid);
  - US$40,000 on or before April 23, 2024; and
  - US$50,000 on or before April 23, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

  The annual work commitment required pursuant to RS Agreement had been fulfilled by Ubica.

  The RS Agreement is subject to a 3% NSR. During the RS Initial Term and the RS Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US$1,000,000 per 1% NSR.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

Lease assignment agreement with Ubica Gold Corp. ("Ubica") (continued)

- **Tigerman Agreement**

  The initial term (the "Tigerman Initial Term") of the Tigerman Agreement is 20 years from June 25, 2021, the date which the Tigerman Agreement was signed. Ubica has the option to extend the Tigerman Agreement for an additional 20 years (the "Tigerman Renewal Term").

  Pursuant to the Tigerman Agreement from the Tigerman Initial Term to June 25, 2040, the Company is subject to advanced annual royalties with the first payment of US$10,000 due on or before June 25, 2022. The advanced annual royalties will increase by 10% each subsequent year.

  The 2022 annual royalty of US$10,000 was paid by Ubica and reimbursed by the Company during the year ended December 31, 2022.

- **Rose Hill Agreement**

  The initial term (the "RH Initial Term") of the Rose Hill Agreement is 10 years from June 30, 2021, the date which the Rose Hill Agreement was signed. Ubica has the option to extend the Rose Hill Agreement for an additional 10 years (the "RH Renewal Term").

  Pursuant to the Rose Hill Agreement, the Company will make the following payments:

  Advanced royalty payment
  - US$6,000 on June 30, 2021 (paid);
  - US$12,000 on or before June 30, 2022 (paid);
  - US$18,000 on or before June 30, 2023 (paid);
  - US$24,000 on or before June 30, 2024; and
  - US$36,000 on or before June 30, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

  Annual work commitment
  - US$30,000 during the first year from the RH Initial Term (fulfilled);
  - US$80,000 during the second year from the RH Initial Term (fulfilled); and
  - US$100,000 during the third year from the RH Initial Term.

  The Rose Hill Agreement is subject to a 3% NSR. During the RH Initial Term and the RH Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US$1,000,000 per 1% NSR.

The Company has reclamation deposits of $26,399 (US$20,000) (December 31, 2022 – $27,081 (US$20,000)) as collateral on the Tuscarora Project.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA)

The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway Gold Corp. ("Broadway"), a wholly-owned subsidiary of the Company, on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US$30 million to earn up to 70% of the Madison Project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US$5 million[3] within the first five years, including a minimum exploration budget of US$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US$10 million[4] within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US$15 million[4] within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US$225,000 over the first five years:

- US$50,000 on April 30, 2019 (paid);
- US$25,000 on or before April 30, 2020 (paid);
- US$25,000 on or before April 30, 2021 (paid)[4];
- US$25,000 on or before April 30, 2022 (paid)[5];
- US$25,000 on or before April 30, 2023 (paid)[6]; and
- US$75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.

- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.

- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.

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[3] Collectively the "Option Expenditures"
[4] $31,655 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.
[5] $31,663 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.
[6] $33,806 (US$25,000) was recognized as a reduction of the carrying value of the Madison Project.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA) (continued)

- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon the Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.

- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.

- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% NSR with a maximum amount payable of US$50 million.

Gooseberry Project (Nevada, USA)

On April 23, 2019, the Company acquired through staking the Gooseberry Mine in Storey, Nevada, USA.

The Company has reclamation deposits of $46,199 (US$35,000) (December 31, 2022 – $20,311 (US$15,000)) as collateral on the Gooseberry Project.

Red Hill Project (Nevada, USA)

On July 29, 2021 (the “RH Effective Date”), the Company entered into a ten-year renewable lease agreement for the Red Hill Project (the “RH Lease Agreement”) with Nevada North Resources (USA) Inc. (“Nevada North”).

Pursuant to the RH Lease Agreement the Company is required to make the first payment of US$25,000 (paid) Nevada North to hold the Red Hill property for one year from the RH Effective Date and make the following annual payment to Nevada North:

- 2nd payment on July 29, 2022 – US$25,000 (paid);
- 3rd payment on July 29, 2023 – US$25,000 (paid subsequent to June 30, 2023);
- 4th payment on July 29, 2024 – US$40,000;
- 5th payment on July 29, 2025 – US$40,000;
- 6th payment on July 29, 2026 – US$45,000;
- 7th payment on July 29, 2027 – US$50,000;
- 8th payment on July 29, 2028 – US$55,000;
- 9th payment on July 29, 2029 – US$55,000; and
- 10th payment on July 29, 2030 – US$55,000[7].

In addition, the Company is required to pay an annual claim maintenance fee for the Red Hill Project. During the year ended December 31, 2022, the Company paid $19,289 (US$14,245) annual claim maintenance fee (December 31, 2021 – $17,847 (US$14,070)).

Upon commencement of commercial production, the Company is required to pay Nevada North a royalty on production equal to 3% of NSR of which 1.5% the Company may buy back for US$3,000,000.

In addition, one of the Company’s directors own 10% interest of the Red Hill Project.

[7] Beginning on the 11th payment due on July 29, 2031, the annual payment of US$55,000 will be adjusted for inflation increase according to the United States Depart of Labor Consumer Price Index.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Palmer Project (Alaska, USA)
During the year ended December 31, 2022, the Company acquired the Palmer Project which included the Palmer Property and the Haines Block Lease, through the acquisition of Constantine Metal Resources Ltd. ("Constantine").

- **Palmer Property**

  The Palmer Property is comprised of mining claims subject to a 99-year mining lease, dated December 19, 1997, and mining claims located near Haines, Alaska. To maintain the lease, there is a requirement to make annual advance royalty payments of US$42,500 and pay Federal claim annual maintenance fees.

  The lease is subject to a 2.5% NSR royalty. The lessee has a right of first refusal to purchase the NSR or any portion thereof at any time during the term of the lease. The advance royalty payments are deductible from the NSR royalty.

  The Palmer Property is held by Constantine Mining LLC ("CML") which is jointly owned by Constantine and Dowa Metals & Mining Co., Ltd. ("Dowa"). As of June 30, 2023 and December 31, 2022, Constantine and Dowa owned 40.78% and 59.22%, respectively.

  Under the terms of the CML members' agreement, Constantine is the operator of CML and each party is responsible for its proportionate share of expenses, determined on the basis of ownership and subject to dilution according to standard dilution provisions. As an operator of CML, Constantine charges CML 7% management fees on eligible expenditures incurred.

  For accounting purposes, Constantine's interest in CML has been considered a joint operation and its proportionate interest in the accounts of CML has been consolidated within the Company's financial statements.

  During the six months ended June 30, 2023, the Company and Dowa entered into a financial arrangement in which Dowa committed to fund the 2023 budget and work program (the "2023 Palmer Program") for the Palmer Project. The Company has the option to pay its pro-rata share of the 2023 Palmer Program, in whole or in part, prior to October 31, 2023, to minimize or eliminate dilution of its' interest in the Palmer Project (Note 8).

- **Haines Block Lease**

  The Haines Block is contiguous with and surrounds the Federal and State mining claims that make up the Palmer Property. The lease agreement was signed by Constantine and the Alaska Mental Health Trust.

  To maintain the lease, the Company is required to make:

  - Annual payments of US$25,000 per year for the initial 3-year lease term, US$40,000 for years 4 to 6, US$55,000 for years 7 through 9;
  - Work commitments of US$75,000 per year, escalating by US$50,000 annually; and
  - Annual payments are replaced by royalty payments upon achieving commercial production.

  In addition, production royalties payable to the Alaska Mental Health Trust Authority include a sliding scale of 1% to 4.5% royalty for gold, based on gold price, and a 3.5% royalty on minerals other than gold.

  A portion of the Haines Block land parcel with surface and mineral rights has been assigned to CML on September 1, 2017.

The Company has reclamation deposits of $113,741 (US$85,027) (December 31, 2022 – $116,681 (US$85,027)) as collateral on the Palmer Project.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Big Nugget Property (Alaska, USA)
In connection with the acquisition of Constantine, the Company acquired the Big Nugget Property, a portion of the Haines Block Lease which has not been assigned to CML.

Alpha Project (Nevada, USA)
In connection with the CGI Acquisition, the Company acquired the Alpha Project which is 100% owned by CGI.

Upon commencement of commercial production, the Company is required to pay a royalty on production equal to 2.5% of NSR of which 0.5% the Company may buy back for US$500,000.

Ziggurat Project (Nevada, USA)
In connection with the CGI Acquisition, the Company acquired the Ziggurat Project which is 100% owned by CGI and is currently under a joint venture agreement with Centerra Gold Inc (TSX: CG / NYSE: CGAU) ("Centerra"). Centerra has the option to spend up to US$6 million to earn 70% of the project until Year 2026.

Pursuant to the joint venture agreement with Centerra, Centerra is required to make the following annual payment to CGI and incur the minimum expenditures on the project:

Annual payments:
- US$20,000 due on or before July 8, 2023 (paid);
- US$20,000 due on or before July 8, 2024;
- US$20,000 due on or before July 8, 2025; and
- US$20,000 due on or before July 8, 2026.

Annual work commitment
- US$500,000 on or before July 8, 2023 (fulfilled);
- US$750,000 on or before July 8, 2024;
- US$1,250,000 on or before July 8, 2025;
- US$1,500,000 on or before July 8, 2026; and
- US$2,000,000 on or before July 8, 2027.

Upon commencement of commercial production, the Company is required to pay a royalty on production equal to 1.5% of NSR of which 0.5% the Company may buy back for US$500,000.

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Ziggurat Project (Nevada, USA) (continued)
In addition, pursuant to the CGI Agreement, the Company will be required to issue 4,500,000 common shares of the Company to NewQuest Capital Inc. ("NewQuest"), the largest CGI Shareholder, in the event that:

- the option agreement dated July 8, 2022 (the "Ziggurat Option Agreement") among CGI, CV Gold Inc., a wholly owned subsidiary of CGI, and Centerra (U.S.) Inc. (Centerra US), a wholly owned subsidiary of Centerra, is in good standing on January 31, 2024; and

- by January 31, 2024, Centerra US has either:
  - commenced making the second tranche of annual expenditures required by the Ziggurat Option Agreement; or
  - provided formal assurances to the Company that it intends to keep the Ziggurat Option Agreement in good standing following the third anniversary of the effective date of the Ziggurat Option Agreement.

Danny Boy Mine Property (Nevada, USA)
In connection with the CGI Acquisition, the Company acquired the Danny Boy Mine Property which included the Danny Boy Claims and the Lappin Project.

For Danny Boy Claims, under the option agreement entered with NewQuest, CGI has the option to acquire 100% interest in the claims by:

- issuing 500,000 common shares of the Company to NewQuest on or before August 11, 2023 (issued by CGI prior to the CGI Acquisition); and
- making a cash payment of $4,000,000 to NewQuest on completion of a pre-feasibility study.

Upon commencement of commercial production, the Company is required to pay a royalty on production equal to 1.5% of NSR, of which 0.5% the Company may buy back for US$500,000.

In addition, pursuant to the assignment agreement entered with NQ Holdings Inc., CGI has granted a lease right for the Lappin Project until April 14, 2032. To maintain the lease right, CGI has to make the following annual minimum payments to Lappin LLC (the "Lappin Annual Payments"):

- $12,500 on or before April 15, 2023 (paid by CGI prior to the CGI Acquisition);
- $15,000 on or before April 15, 2024;
- $20,000 on or before April 15, 2025;
- $30,000 on or before April 15, 2026, and each year until April 14, 2032.

CGI is also required to incur a total work commitment of $350,000, of which $100,000 and $250,000 should be incurred on or before April 15, 2025 and April 15, 2028, respectively.

The Company also has an option to acquire 100% interest in Lappin by making a $500,000 payment minus any Lappin Annual Payment which had been made previously to Lappin LLC.

Upon commencement of commercial production, the Company is required to pay a royalty on production equal to 3% of NSR, of which 1% the Company may buy back for US$1,000,000 and another 1% may buy back for US$2,000,000 at any time.

(Expressed in Canadian Dollars)

7) LEASE OBLIGATIONS

As at June 30, 2023, future minimum lease payments for the Company's under lease are as follows:

	$
As of December 31, 2022	123,908
Initial recognition	1,555,771
Interest	43,838
Payments	(181,516)
Effect of movements on exchange rates	(15,811)
As of June 30, 2023	**1,526,190**
Current	577,077
Long-term	949,113
	1,526,190
Minimum lease payments for each fiscal year:	
2023	388,332
2024	725,389
2025	621,933
2026	19,005
	1,754,659
Amount representing interest	
2023	(82,701)
2024	(111,206)
2025	(34,188)
2026	(374)
	(228,469)

During the six months ended June 30, 2023, the Company, through its joint operation (CML (Note 6)), entered into a lease agreement for camp equipment used for the Palmer Project. The lease commenced on April 15, 2023, with 34 payments of US$97,404 due each 28 days during the lease term. At the end of the lease term, CML has an option to purchase the camp equipment for US$4,005,362 (the "Buy-out Option"). The Company applied IFRS 16, "Leases", and used a discount rate of 12% to determine the fair value of the lease term (US$5,595,846) at the date of inception. In determining the fair value at the date of inception, the Company did not include the Buy-out Option as it is uncertain if CML will exercise the Buy-out Option at the end of the lease term. As discussed in Note 6, the Company consolidated its proportionate interest (40.78%) of CML; as a result, the Company recognized $1,555,771 as lease liability at the date of inception.

In addition, the Company has entered into two office leases which are considered short-term leases. During the six months ended June 30, 2023, the expense relating to payments not included in the measurement of the lease liability is $14,304 (June 30 – $46,843).

(Expressed in Canadian Dollars)

8) LOAN PAYABLE

	$
Funds advanced	4,079,732
Effect of movements on exchange rates	(55,645)
Ending	**4,024,087**

As discussed in Note 6, the Company entered into a financial arrangement with Dowa for the 2023 Palmer Program. During the six months ended June 30, 2023, Dowa advanced $4,079,732 (US$3,048,643) on behalf of the Company.

During the six months ended June 30, 2023, the Company accrued interest of $36,413 (US$27,587), which was included in accounts payable and accrued liabilities. The interest is due on July 31, 2023, which was paid subsequent to June 30, 2023.

As of June 30, 2023, the balance of the loan payable was $4,024,087 (US$3,048,643).

9) SHARE CAPITAL AND RESERVES

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital
As of June 30, 2023, the Company had 196,588,051 common shares issued and outstanding (December 31, 2022 – 176,773,937) with a value of $65,118,945 (December 31, 2022 – $59,705,367).

During the six months ended June 30, 2023

- As discussion in Note 1, on the CGI Closing Date, the Company issued 11,500,000 common shares with fair value of $4,025,000 to CGI.
- 132,150 stock options were exercised for proceeds of $44,931. In addition, the Company reclassified the grant date fair value of the exercised stock options of $34,533 from stock options reserve to share capital.
- 8,181,964 warrants were exercised for proceeds of $1,309,114.

During the six months ended June 30, 2022

- 275,000 stock options were exercised for proceeds of $110,000. In addition, the Company reclassified the grant date fair value of the exercised stock options of $57,278 from stock options reserve to share capital.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

The changes in warrants during the six months ended June 30, 2023 as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, opening	33,129,198	0.79
Exercised	(8,181,964)	0.16
Expired	(10,873,314)	1.14
Balance, closing	**14,073,920**	**0.89**

During the six months ended June 30, 2023

- 10,873,314 warrants expired unexercised.
- The Company extended the expiry date of 3,888,849 warrants with an expiry date of August 12, 2023 to August 12, 2025. The extension was approved by the Canadian Securities Exchange. No additional fair value was recognized due to the extension.

No warrants were issued, exercised or expired during the six months ended June 30, 2022.

The following summarizes information about warrants outstanding at June 30, 2023:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
December 13, 2023	1.40	5,722,320	434,122	0.45
July 19, 2023	1.14	2,082,568	22,553	0.05
August 12, 2025	0.34	3,888,849	409,022	2.12
October 10, 2024	0.35	2,380,183	394,101	1.28
		14,073,920	**1,259,798**	**0.99**
Weighted average exercise price ($)		**0.89**		

- The 5,722,320 warrants with an exercise price of $1.40 which will expire on December 13, 2023 are subject to acceleration in the event that the closing price of the common shares of the Company is greater to $2.00 for ten consecutive trading days.

Subsequent to June 30, 2023, 2,082,568 warrants expired unexercised.

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, the Board of the Company has the option of determining vesting periods.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL AND RESERVES (CONTINUED)

Stock options (continued)

The changes in stock options during the six months ended June 30, 2023 as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, opening	9,882,168	0.59
Exercised	(132,150)	0.34
Expired	(66,075)	0.84
Cancelled	(1,951,415)	0.50
Balance, closing	**7,732,528**	**0.62**

During the six months ended June 30, 2023

- 66,075 stock options with an exercise price of $0.84 expired unexercised.
- 1,951,415 stock options were cancelled.

During the six months ended June 30, 2022

- On February 28, 2022, the Company granted 2,900,000 options with an exercise price of $1.01 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

During the six months ended June 30, 2023, the Company recognized share-based payments expense arising from stock options of $nil (June 30, 2022 – $1,827,754).

The following summarizes information about stock options outstanding and exercisable at June 30, 2023:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 14, 2024	0.61	116,732	116,732	13,008	0.96
May 14, 2025	0.33	50,000	50,000	6,350	1.87
July 22, 2025	0.49	1,900,000	1,900,000	581,062	2.06
August 1, 2025	0.19	220,250	220,250	56,780	2.09
May 27, 2026	0.27	1,700,000	1,700,000	302,317	2.91
July 19, 2026	0.71	100,000	100,000	47,247	3.05
October 25, 2026	0.34	745,546	745,546	194,822	3.32
February 28, 2027	1.01	2,900,000	2,900,000	1,827,754	3.67
		7,732,528	**7,732,528**	**3,029,340**	**2.97**
Weighted average exercise price ($)		**0.62**	**0.62**		

(Expressed in Canadian Dollars)

10) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended June 30, 2023 and 2022:

	For the six months ended	
	June 30, 2023	**June 30, 2022**
	$	**$**
Warwick Smith, CEO and Director		
Consulting fees (1)	153,533	124,221
Share-based payments	-	315,130
	153,533	**439,351**
Eric Saderholm, Managing Director of Exploration, Former President and Director		
Consulting fees	-	9,193
Exploration and evaluation costs	117,141	113,951
Share-based payments	-	315,130
	117,141	**438,274**
Alnesh Mohan, CFO and Corporate Secretary		
Professional fees (2)	155,352	65,520
Share-based payments	-	220,591
	155,352	**286,111**
Ken Cunningham, Director		
Directors' fees	16,224	15,238
Share-based payments	-	315,130
	16,224	**330,368**
Joness Lang, President and Director		
Directors' fees (3)	16,279	15,238
Share-based payments	-	315,130
	16,279	**330,368**
TOTAL	**458,529**	**1,824,472**

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.
(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner. Fees were paid for provision of CFO, financial reporting, accounting support and transaction support services.
(3) Paid to EBC Consulting Group Ltd. which is controlled by Mr. Lang.

As at June 30, 2023, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $52,547 (December 31, 2022 – $180,210), which were paid subsequent to June 30, 2023. These amounts are unsecured, non-interest bearing and payable on demand.

(Expressed in Canadian Dollars)

11) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	June 30, 2023 $	Canada $	United States $
Non-current assets			
Reclamation deposits	186,339	-	186,339
Property and equipment	2,067,131	106,978	1,960,153
Exploration and evaluation assets	39,933,387	-	39,933,387

	December 31, 2022 $	Canada $	United States $
Non-current assets			
Reclamation deposits	164,073	-	164,073
Property and equipment	199,852	-	199,852
Exploration and evaluation assets	36,215,068	-	36,215,068

12) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the six months ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

13) FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	June 30, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash and cash equivalents	5,921,618	-	5,921,618	-
Amounts receivable	43,242	-	43,242	-
Reclamation deposits	186,339	-	186,339	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(2,426,284)	-	(2,426,284)	-
Current portion of lease obligation	(577,077)	-	(577,077)	-
Current portion of loan payable	(4,024,087)	-	(4,024,087)	-
Lease obligation	(949,113)	-	(949,113)	-

	December 31, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash and cash equivalents	6,036,504	-	6,036,504	-
Amounts receivable	97,334	-	97,334	-
Reclamation deposits	164,073	-	164,073	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(895,461)	-	(895,461)	-
Current portion of lease obligation	(29,797)	-	(29,797)	-
Lease obligation	(94,111)	-	(94,111)	-

The carrying values of amounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair values due to the relatively short period to maturity of those financial instruments. Reclamation deposits approximately their fair value due to their liquidity. Lease obligations approximates its fair value as it has been discounted with an interest rate comparable to current market rates.

As at June 30, 2023 and December 31, 2022, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

13) FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian and United States financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada and United States are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2023, the Company had cash and cash equivalents of $5,921,618 and current liabilities of $7,027,448.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at June 30, 2023 would result in an approximately $50,000 change to the Company's loss for the six months ended June 30, 2023.

13) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("$" or "CA$"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CA$ and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CA$.

The Company's financial instruments were denominated as follows as at June 30, 2023:

	CA$	US$
Cash and cash equivalents	3,505,596	1,830,385
Amounts receivable	43,242	-
Reclamation deposits	-	141,170
Accounts payable and accrued liabilities	(305,858)	(1,606,467)
Current portion of lease obligation	(31,797)	(413,104)
Current portion of loan payable	-	(3,048,643)
Lease obligation	(77,657)	(660,214)
	3,133,526	**(3,756,873)**
Rate to convert to $1.00 CA$	1.00	1.32
Equivalent to CA$	**3,133,526**	**(4,958,922)**

Based on the above net exposures as at June 30, 2023, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately $500,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.