BIG GOLD INC

Annual Audited Financial Statements

As at and for the years ended

December 31, 2022, and 2021

(Stated in $CAD)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Big Gold Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Big Gold Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

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

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of $957,776 for the year ended December 31, 2022. 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. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 relating 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
Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
February 23, 2023

Big Gold Inc.
Statements of Financial Position
As at December 31, 2022 and December 31, 2021

(Expressed in Canadian dollars)

As at	Note		December 31, 2022		December 31, 2021
ASSETS					
Current:					
Cash		$	222,149	$	794,109
Accounts receivable			61,677		5,000
Prepaid expenses			-		113,000
Receivable from related party	6		-		1,264
Total Assets		**$**	**283,826**	**$**	**913,373**
LIABILITIES					
Current:					
Accounts payable and accrued liabilities	5	$	56,714	$	32,147
Share premium liability	7		27,501		137,962
			84,215		**170,109**
SHAREHOLDERS' EQUITY					
Common shares	8		1,766,288		1,644,755
Warrant reserve	9		140,530		138,962
Share based payments reserve	10		291,022		-
Accumulated deficit			(1,998,229)		(1,040,453)
Total Shareholders' Equity			**199,611**		**743,264**
Total Liabilities and Shareholders' Equity		**$**	**283,826**	**$**	**913,373**

Nature of operations and going concern (Note 1)
Commitments and contractual obligations (Note 14)

Approved on behalf of the Board:

"Scott Walters"
Director

"Bob Leshchyshen"
Director

Big Gold Inc.

Statements of Net Loss and Comprehensive Loss
For the years ended December 31, 2022 and 2021

((Expressed in Canadian dollars)

	Note		2022		2021
Expenses					
Consulting fees	6	$	43,000	$	67,766
Exploration and evaluation expense	15		223,198		157,527
Share based compensation	6,10		291,022		-
Acquisition costs	4		100,000		580,000
Professional fees	6		165,272		59,042
Regulatory expenses	15		112,700		7,000
Office and general	15		160,546		11,333
Total expenses			1,095,738		882,668
Premium on flow-through shares	7,12	-	137,962		-
Net loss and comprehensive loss		$	957,776	$	882,668
Weighted average shares outstanding					
- Basic and diluted			21,210,090		12,014,580
Basic and diluted loss per share		$	(0.05)	$	(0.07)

The accompanying notes form an integral part of these financial statements

Big Gold Inc.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

	Notes	2022	2021
Operating activities			
Net Loss for the period		$ (957,776)	$ (882,668)
Items not affecting cash			
Shares for services		-	12,000
Shares issued for acquisition of mineral property	4	100,000	580,000
Debt forgiveness		-	(4,970)
Premium on flow-through shares	7,12	(137,962)	-
Share based payments	6,10	291,022	-
Change in non-cash working capital items			
Accounts receivable		(56,677)	(5,000)
Prepaid expenses		113,000	(113,000)
Accounts payable and accrued liabilities	5	24,567	150
Cash Flows used for operating activities		(623,826)	(413,488)
Financing activities			
Proceeds from private placement, net of issue costs	8	50,602	1,239,678
Net advances from/(to) related parties	6	1,264	(32,260)
Cash Flows provided from financing activities		51,866	1,207,418
(Decrease)/Increase in cash		(571,960)	793,930
Cash, beginning of period		794,109	179
Cash, end of period		**$ 222,149**	**$ 794,109**

Non-cash transaction			
Shares issued for services	$	-	12,000
Broker warrants issued for share issue costs		1,568	10,017
Shares issued for acquisition of mineral property		100,000	580,000
Premium on flow-through shares		137,962	-
Share based payments		291,022	-

The accompanying notes form an integral part of these financial statements

Big Gold Inc.
Statements of Changes in Equity (Deficiency)
For the period from January 1, 2021 to December 31, 2022

(Expressed in Canadian dollars)

	Note	Common shares		Reserves		Accumulated deficit	Total
		No. of shares	Dollar Amount	Warrants	Share based payments		
As at January 1, 2021		**8,030,549**	**$ 90,001**	**$ -**	**$ -**	**$ (157,785)**	**$ (67,784)**
Issuance of common shares for debt settlement	8. i)	150,000	7,500	-	-	-	7,500
Issuance in connection with acquisition of property	4	4,000,000	580,000	-	-	-	580,000
Common shares issued under private placement, net of issuance costs	8. ii), iii) iv) 9.	8,621,550	967,254	138,962	-	-	1,106,216
Net loss for the year		-	-	-	-	(882,668)	(882,668)
As at December 31, 2021		**20,802,099**	**1,644,755**	**138,962**	**-**	**(1,040,453)**	**743,264**
Issuance in connection with acquisition of property	**4**	2,000,000	100,000	-	-	-	100,000
Common shares issued under private placement, net of issuance costs	8. v)	916,700	49,034	1,568	-	-	50,602
Premium liability recognized on flow-through shares		-	(27,501)	-	-	-	(27,501)
Share based payments	10	-	-	-	291,022	-	291,022
Net loss for the year		-	-	-	-	(957,776)	(957,776)
As at December 31, 2022		**23,718,799**	**$ 1,766,288**	**$ 140,530**	**$ 291,022**	**$ (1,998,229)**	**$ 199,611**

1. NATURE OF OPERATIONS AND GOING CONCERN

Big Gold Inc. (Formerly 1093681 B.C. Ltd.) (the "Company" or "Big Gold") was formed by a plan of arrangement incorporated on October 19, 2016, under the British Columbia Corporations Act with its head office located at 9th floor 1021 West Hastings Street, Vancouver, British Columbia, Canada, V6E 0C3. The Company changed its name on May 18, 2021, to Big Gold Inc. The Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "BG" on September 21, 2022.

The Company is a mineral exploration and development company focused on the acquisition and exploration of mineral properties. The Company's primary focus is the exploration and development of the Martin Kenty project (See Note 4) located in Kenora, Ontario in the Rainy River mining district.

Going concern

As at December 31, 2022, the Company had working capital of $199,611 (December 31, 2021 - $743,264) had not yet achieved profitable operations, had accumulated losses of $1,998,229 (December 31, 2021 - $1,040,453), and currently expects to incur further losses in the exploration and development of its business.

The Company has $222,149 of cash at December 31, 2022, which the Company believes is sufficient working capital to fund the Company's planned next 12 months of activities. However, from time to time, the Company may pursue the raising of funds by an equity investment, debt borrowing or a combination of both. The Company has yet to discover a mineral deposit that is economically recoverable, therefore there is no assurance that the operations of the Company and any future operations will be successful and profitable. These conditions raise material uncertainties which casts significant doubt as to the use of the going concern assumption in these financial statements.

These audited financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

These audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

These financial statements were authorized by the Board of Directors of the Company on February 23, 2023.

(b) Basis of measurement, functional and presentation currency

These audited financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

These audited financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies described herein. Further these audited financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Significant judgements, estimates and assumptions

The preparation of these audited financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgements include but are not limited to the following:

i. Share-based compensation

The Company recognizes as compensation the fair value of stock options issued in exchange for services provided by officers and directors and outside consultants. The cost of officer and director compensation is calculated using the fair value method based on the fair value of the stock option on the granting date. The cost of outside consultant compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the earlier of a) date when performance is complete, b) date on which a commitment for performance by the counterparty to earn the compensation is reached, or c) the grant date. Compensation expense is recognized over the vesting period of the related instrument granted or the service period for which such instrument is granted, whichever is shorter.

The proceeds from the exercise of stock options are recognized in share capital upon exercise at the exercise price paid by the holder, along with the related cost of such items originally credited to the options.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the stock options issued.

ii. Share based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iii. Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

iv. Determination of fair value of equity settled transactions

The Company measures the cost of equity-settled transactions consisting of common shares offered to service providers and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the payment. This estimate also requires determining the most appropriate inputs to the valuation model including the timing of the payment.

v. Warrants

The Company uses the Black-Scholes model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value of warrants: risk-free interest rate, exercise price, market price at the date of issuance, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrants or higher volatility number used would result in an increase in the warrant value.

vi. Exploration and evaluation expenditures

The Company charges to operations all mineral property acquisition costs and exploration and evaluation expenses incurred prior to the determination of economically recoverable reserve. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

vii. Income taxes and recovery of deferred tax asset

The Company applies judgment in determining the tax rates applicable to the temporary differences to determine the provision for income taxes. Deferred taxes relate to temporary differences between accounting and tax asset values. They are measured using tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences between accounting and tax asset values expected to be deductible or taxable in the future.

The recognition of deferred tax assets is based on likelihood of future taxable income. The measurement of future taxable income for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company’s ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

viii. Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the financial statements are set out below:

(a) Cash

The Company defines cash as highly liquid investments held for the purpose of meeting short term cash commitments that are readily convertible into known amounts of cash.

(b) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes party to the financial instrument.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading including all derivative instruments are classified as FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure them at FVTPL.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The carrying value of the Company's financial assets held at amortized cost approximates fair value. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

The component parts of compound instruments issued by the Company are classified separately as financial liabilities in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity component and the residual is allocated to the conversion option. The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Fair value is measured using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

• Level 1 - quoted prices (unadjusted) that are in active markets for identical assets or liabilities
• Level 2 - inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
• Level 3 - inputs for assets or liabilities that are not based upon observable market data

The Company classifies its financial instruments as follows:

		Fair Value Hierarchy			
Financial Instrument	Classification	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Cash	FVTPL	222,149	-	-	222,149
Accounts receivable	Amortized cost	-	-	-	-
Financial Liabilities					
Accounts payable and accrued liabilities	Amortized cost	-	-	-	-

Impairment of financial assets at amortized cost

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Derecognition

Financial assets

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

Financial liabilities

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

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

(c) Mineral properties

The Company charges to operations all mineral property acquisition costs and exploration and evaluation expenses incurred prior to the determination of economically recoverable reserve. These costs would also include periodic fees such as license and maintenance fees. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(d) Share-based payments

Consultants (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically measured, they are measured at fair value of the share-based payment. The fair value of the share-based payments is recognized together with a corresponding increase in equity over a period that services are provided, or goods are received.

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

(e) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as premium on flow-through shares and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration by December 31 of the calendar year following the year of the financing.

(f) Related party transactions

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

(g) Taxation

Income tax expense represents the sum of tax currently payable and any deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred taxation is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred taxation is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred taxation is determined using tax rates (and laws) that have been enacted.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(h) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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

(i) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

New standards not yet adopted, and interpretations issued but not yet effective

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised Standards and Interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from these financial statements. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

(Expressed in Canadian dollars)

4. ACQUISITION OF MARTIN KENTY PROJECT

The Company completed on July 19, 2021, the acquisition of the resource property located in Kenora, Ontario in the Rainy River mining district, known as the Martin Kenty project ("Martin Kenty") which consists of 264 mineral claims.

In exchange for the 264 mineral claims the company issued 4,000,000 common shares of the Company at a fair value of $0.145 per common share for total consideration of $580,000. The Company has expensed the $580,000 as acquisition costs in the year ended December 31, 2021.

The Martin Kenty Property has a net smelter return royalty ("NSR") of two percent (2%) owed to the previous owner of the property. The Company has a right to purchase one percent of the NSR back for $1,000,000. The forementioned common shares issued pursuant to the Asset Purchase Agreement were issued on November 11, 2021.

During the year ended December 31, 2022, the Company incurred exploration expenses of $223,198 (year ended December 31, 2021 -$157,527) on the Martin Kenty Project (see Note 15).

The Company completed on October 18, 2022, the acquisition of resource claims located near Kenora, Ontario, adjacent to the Company's Martin Kenty mineral claims. The Company acquired 6,100 hectares of which 4,700 hectares of open mineral claims. In exchange for the mineral claims, the Company issued 2,000,000 shares at a fair value of $0.05 per common share for a total consideration of $100,000. The Company has expensed the $100,000 as acquisition costs in the year ended December 31, 2022. The Company also is obligated to pay a 2% net smelter royalty ("NSR") on the property. The Company has the right to purchase 1% of the NSR in return for paying $1,000,000.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2022		**2021**
Consulting fees	$	10,700	$	7,147
Proessional fees		28,333		-
Office and general		557		-
		39,590		7,147
Accrued liabilities		17,124		25,000
Accounts payable and accrued liabilities	**$**	**56,714**	**$**	**32,147**

Accounts payable of the Company principally comprise of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities. The usual credit period taken for purchases is between 30 to 90 days.

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management salaries
Key management includes members of the board of directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended December 31, 2022, and 2021:

i) During the year ended December 31, 2022, $25,000 (2021 - $nil) was charged by the Chief Executive Officer for consulting fees.
ii) During the year ended December 31, 2022, $24,000 (2021 - $nil) was charged by the Chief Financial Officer under contract with Grove Corporate Services Ltd.
iii) During the year ended December 31, 2022, directors and officers of the Company were awarded 650,000 stock options with an exercise price of $0.20 per share and expire March 10, 2027. The stock based compensation cost of these awards was $99,560.

At December 31, 2022, $nil (2021 - $1,264) was due from a related party.

For the year ended December 31, 2022, the Company paid $14,000 in office rent to Venex Capital Corp., a related party due to Venex's being a significant shareholder of the Company.

7. FLOW THROUGH SHARE PREMIUM LIABILITY

The flow-through common shares issued in the financing completed on September 16, 2021 and on December 16, 2021 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $137,962.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended December 31, 2022, the Company satisfied all of its $312,520 flow-through expenditure commitment by incurring eligible expenditures and as a result the flow-through premium was reduced by $137,962.

On December, 30, 2022, the Company closed another flow-through common share financing (see Note 8) for gross proceeds of $55,002. The flow-through premium associated with this financing was $27,501.

As at December 31, 2022, the Company was committed to spend $55,002 in eligible flow-through expenditures by December 31, 2023.

(Expressed in Canadian dollars)

8. SHARE CAPITAL

	ref	Number of Common Outstanding	Share Capital	Contributed Surplus Warrant Reserve
Outstanding, December 31, 2020		**8,030,549**	**$ 90,001**	**-**
Transactions during the year ended December 31, 2021				
Issuance of common shares for debt settlement	i)	150,000	7,500	-
Issuance in connection with acquisition of property	Note 4	4,000,000	580,000	-
Common shares issued under private placement	ii), iii)	7,419,550	848,410	138,962
Flow-through shares issued pursuant to private placement	iv)	1,202,000	312,520	-
Premium on flow-through financing	iv)	-	(137,962)	-
Issue costs associated with private placements		-	(55,714)	-
Outstanding, December 31, 2021		**20,802,099**	**$ 1,644,755**	**$ 138,962**
Transactions during the year ended December 31, 2022				
Issued for mineral property acquisition	Note 4	2,000,000	100,000	-
Flow-through shares issued pursuant to private placement	v)	916,700	55,002	1,568
Premium on flow-through financing	v)	-	(27,501)	-
Issue costs associated with private placements		-	(5,968)	-
Outstanding, December 31, 2022		**23,718,799**	**$ 1,766,288**	**$ 140,530**

i) In March 2021, the Company issued 150,000 common shares to settle outstanding debt of $7,500. Included as the debt settlement was the settlement of $7,500 to directors of the Company for services performed in their capacity as directors.

ii) The Company completed in June 2021 a private placement of 5,065,550 common shares at a price of $0.10 per common share.

iii) The Company completed a private placement of 2,354,000 units consisting of one common share and one warrant of the Company at an average price of $0.20 per common share for gross proceeds of $470,800. The private placement was completed in two tranches. The warrants have an exercise price of $0.30 per common share purchase warrant for a period of two years.

iv) The Company completed a private placement of 1,202,000 common shares of the Company at an average price of $0.26 per common share issued as flow-through shares for gross proceeds of $312,520. The private placement was completed in two tranches. The flow-through shares were issued at a premium of $0.11 to the fair value of the Company's shares. The premium was recognized as a short term liability for $137,962 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. The transaction costs amounted to $55,714 and have been netted against the gross proceeds on closing.

(Expressed in Canadian dollars)

v) The Company completed on December 30, 2022, a private placement of 916,700 common shares of the Company at a price of $0.06 per common share issued as flow-through shares for gross proceeds of $55,002. The flow-through shares were issued at a premium of $0.03 to the fair value of the Company's shares. The premium was recognized as a short term liability for $27,501 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. The transaction costs amounted to $5,968 and have been netted against the gross proceeds on closing. In addition, the Company issued broker warrants 73,336 with an exercise price of $0.075 per common share purchase warrant for a period of two years. The fair value of the warrants was $1,568.

9. WARRANT RESERVE

Share purchase warrant transactions for the periods ended December 31, 2022, and December 31, 2021, are as follows:

	Number of Warrants		Weighted Average Exercise Price		Fair Value
Balance outstanding, January 1, 2021	**-**	**$**	**-**	**$**	**-**
Warrants issued (i),(ii)	2,536,880		0.300		138,962
Warrants exercised	-		-		-
Balance outstanding, December 31, 2021	**2,536,880**	**$**	**0.300**		**138,962**
Warrants issued (iii)	73,336		0.075		1,568
Balance outstanding, December 31, 2022	**2,610,216**	**$**	**0.290**		**140,530**

i.) Pursuant to the issuance of 2,354,000 units at $0.20 per unit, the Company issued 2,354,000 common share purchase warrants. Each whole warrant is exercisable at a price of $0.30 per share and expire on the earlier of (i) October 1, 2023 or (ii) 30 days following the date that a notice is delivered from the Company to the holder of the warrants in the event the common shares trade on an exchange for ten or more consecutive days at a price in excess of $0.45 per share.

ii.) The Company issued a further 182,880 common share purchase warrants as a finder's fee in connection with the private placement. Each whole warrant is exercisable at a price of $0.30 per share and expire on the earlier of (i) October 1, 2023 or December 16, 2023 or (ii) 30 days following the date that a notice is delivered from the Company to the holder of the warrants in the event the common shares trade on an exchange for ten or more consecutive days at a price in excess of $0.45 per share.

iii.) The Company issued 73,336 common share purchase warrants as finder's fee in connection with the private placement closed on December 30, 2022. Each whole warrant is exercisable at a price of $0.075 per share and expire on December 30, 2024.

(Expressed in Canadian dollars)

The following table reflects the Black-Scholes pricing model assumptions:

		2022		2021
Average exercise price ($)	$	0.075	$	0.30
Fair value of the award	$	1,568	$	138,962
Risk free interest rate		4.03%		1.04%
Expected dividend yield		0.00%		0.00%
Expected volatility		183%		105%
Expected life of the warrants		2 years		2 years

10. SHARE BASED PAYMENTS RESERVE

Equity Incentive Plan

The shareholders of the Company have approved an executive incentive plan (the "Plan") pursuant to which the Company may issue up to 10% of the common shares of the Company to employees, directors and officers. The exercise price of each equity incentive issued pursuant to the terms of the Plan shall be established at the grant date by the Board of Directors of the Company and in all cases shall not be less than the closing price of the common shares of the Company on the trading day immediately preceding the grant date. The equity incentive plans granted can be exercised for up to 5 years and vest as determined by the Board of Directors.

Stock Options

A summary of the status of the stock option component of the Company's Plan as at December 31, 2022, is as follows:

	Number of options		Weighted Average Exercise Price
Balance outstanding, January 1, 2022	**-**	**$**	**-**
Issued	1,900,000		0.200
Balance outstanding, December 31, 2022	**1,900,000**	**$**	**0.200**

The fair value of the options granted was estimated at the grant date using an option pricing model with the following assumptions:

		2022
Average exercise price ($)	$	0.20
Fair value of the award	$	291,022
Risk free interest rate		2.40%
Expected dividend yield		0.00%
Expected volatility		103%
Expected life of the warrants		5 years

All 1,900,000 outstanding options at December 31, 2022 vested on the March 10, 2022, the grant date and have a remaining life of 4.19 years.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value
Financial instruments of the Company consist of cash, accounts payable and accrued liabilities, advances or due from related parties. There are no significant differences between the carrying amounts of the items reported on the statements of financial position and their estimated fair values.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

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

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. The Company has no financial instruments affected by market risk.

Interest rate risk
The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash balance. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

Liquidity risk
The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing (see note 1).

Foreign exchange risk
The Company's functional currency is the Canadian dollar, and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk.

(Expressed in Canadian dollars)

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

12. INCOME TAX

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 27.0% for British Columbia to the income (loss) for the year before taxes a shown in the following table at December 31.

		2022		2021
Loss before income taxes	$	(957,776)	$	(882,668)
Expected income tax benefit based on statutory rates		(258,600)		(238,320)
Increase (decrease) to the income tax benefit resulting from:				
Non-deductible expenses		78,576		47,146
Other		-		(10,669)
Changes in deferred tax assets not recognized		180,024		201,843
Income tax (recovery) expense	**$**	**-**	**$**	**-**

Deferred income taxes
Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

Deferred Income Taxes		2022		2021
Non-capital losses carried forward	$	178,797	$	83,904
Exploration and evaluation expenditures		286,396		199,132
20(1)(e) pool		6,401		8,535
Deferred tax assets (liability)		471,594		291,571
Less: deferred tax assets not recognized		(471,594)		(291,571)
Deferred tax asset (liability)	**$**	**-**	**$**	**-**

Certain deferred tax assets have not been recognized because its not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

(Expressed in Canadian dollars)

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statements of financial position are as follows:

		2022			2021	
		2022	**Expiry dates**		**2021**	**Expiry dates**
Share issue costs	$	23,709	2023-2025	$	31,612	2022-2025
Non-capital losses		662,213	2038-2042		310,754	2038-2041
Exploration and evaluation expenditures		1,060,725	N/A		737,527	N/A

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to other externally imposed capital requirements. The Company considers its capital to be shareholders' equity (deficiency), which is comprised of share capital, reserves, and accumulated deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

14. COMMITMENTS

As of December 31, 2022, the Company must incur $55,002 in eligible exploration expenditures on or before December 31, 2023.

The Company has no other commitments as at December 31, 2022.

(Expressed in Canadian dollars)

15. EXPENSE BREAKDOWN

The following is the breakdown of the exploration and evaluation expenses on the Marin Kenty Project for the year ended December 31, 2022 and 2021:

Martin Kenty Project	**2022**	**2021**
Airborne VTEM survey costs	$ -	$ 119,251
Technoimaging costs	17,955	18,349
Geological and technical consulting	205,243	19,927
Total	**$ 223,198**	**$ 157,527**

The following is the breakdown of regulatory expenses for the year ended December 31, 2022 and 2021:

	2022	**2021**
Transfer agent	$ 7,476	$ 5,798
Regulatory filings	87,759	1,202
Investor relations	17,465	-
	$ 112,700	**$ 7,000**

The following is the breakdown of office and general expenses for the year ended December 31, 2022 and 2021:

	2022	**2021**
Rent	$ 14,000	$ (8,000)
Advertising and promotion	142,421	13,138
Travel, meals and entertainment	3,311	4,701
Other office and administrative expenses	814	1,494
	$ 160,546	**$ 11,333**