Scotch Creek Ventures Inc.

Consolidated Financial Statements

For the year ended

December 31, 2023

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Scotch Creek Ventures Inc.

Opinion

We have audited the consolidated financial statements of Scotch Creek Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has a history of losses and an accumulated deficit of $6,860,684. 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.

Key Audit Matters

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

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

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW THE MATTER WAS ADDRESSED IN THE AUDIT</th></tr>
<tr><td>Assessment of Impairment Indicators of Exploration and Evaluation assets

We draw attention to Notes 2, 3 and 6 to the financial statements. The Company has exploration and evaluation assets with a carrying value of $8,916,138. At each reporting period end date, the Company is required to assess its exploration and evaluation assets for indicators of impairment. Note 3 describes what may be indicators of impairment of the Company's exploration and evaluation assets.

We considered this a key audit matter due to the significance of the exploration and evaluation assets balance and the judgments made by management in its assessment of indicators of impairment related to the exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.</td><td>Our approach to addressing the matter included the following procedures, among others:
Tested that the Company held the right to explore its exploration and evaluation assets;
Enquired with management and assessed the reasonability of their future plans for the exploration and evaluation assets;
Assessed factors that have contributed to a decline in the Company's share price and whether that suggested there were indicators of impairment; and
Assessed whether sufficient data exists to indicate that the carrying amount of the exploration assets is unlikely to be recovered in full from successful development or by sale.</td></tr>
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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 skepticism 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2024

Scotch Creek Ventures Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31, 2023 and December 31, 2022

	Note	**December 31, 2023 $**	December 31, 2022 $
Assets			
Current assets			
Cash		218,714	1,845,510
Prepaid expenses		15,723	10,830
Receivables	4	2,642	90,708
		237,079	1,947,048
Non-current assets			
Reclamation bonds	6	48,827	48,827
Exploration and evaluation assets	6	8,916,138	8,601,229
		8,964,965	8,650,056
Total assets		**9,202,044**	10,597,104
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	65,726	708,677
Total liabilities		**65,726**	708,677
Shareholders' equity			
Share capital	7	15,363,101	15,254,351
Reserves	7	633,901	740,336
Deficit		(6,860,684)	(6,106,260)
Total shareholders' equity		**9,136,318**	9,888,427
Total liabilities and shareholders' equity		**9,202,044**	10,597,104
Nature of operations and going concern	1		
Event after the reporting period	14		

Approved on behalf of the Board of Directors on April 29, 2024:

"David Ryan" **Director** *"Logan Anderson"* **Director**

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

Scotch Creek Ventures Inc.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

For the years ended December 31, 2023 and December 31, 2022

	Number of shares #	Share capital $	Reserves $	Deficit $	Total shareholders' equity $
January 1, 2022	42,011,985	11,909,998	892,794	(2,647,377)	10,155,415
Share-based payments	-	-	586,344	-	586,344
Stock options exercised	150,000	12,000	-	-	12,000
Fair value reversal - stock options exercised	-	1,050	(1,050)	-	-
Fair value reversal - stock options cancelled	-	-	(344,639)	344,639	-
Warrants exercised	916,379	458,190	-	-	458,190
Fair value reversal - warrants exercised	-	21,608	(21,608)	-	-
Fair value reversal - warrants expired	-	371,505	(371,505)	-	-
Shares issued for exploration and evaluation assets	3,100,000	2,480,000	-	-	2,480,000
Loss and comprehensive loss for the year	-	-	-	(3,803,522)	(3,803,522)
December 31, 2022	46,178,364	15,254,351	740,336	(6,106,260)	9,888,427
January 1, 2023	46,178,364	15,254,351	740,336	(6,106,260)	9,888,427
Share-based payments	-	-	158,073	-	158,073
Stock options exercised	1,250,000	100,000	-	-	100,000
Fair value reversal - stock options exercised	-	8,750	(8,750)	-	-
Fair value reversal - stock options expired	-	-	(255,758)	255,758	-
Loss and comprehensive loss for the year	-	-	-	(1,010,182)	(1,010,182)
December 31, 2023	**47,428,364**	**15,363,101**	**633,901**	**(6,860,684)**	**9,136,318**

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

Scotch Creek Ventures Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended December 31,

	Note	**2023** **$**	2022 $
Expenses			
Advertising and marketing expenses		197,867	1,626,745
Consulting fees		36,000	256,000
Directors' fees	9	36,000	35,000
Management fees	9	204,000	204,000
Office and administrative expenses	9	120,626	114,196
Professional fees		66,834	60,032
Rent expense	9	31,200	31,100
Share-based payments	7,9	158,073	586,344
Social media and other		123,702	836,295
Travel and related fees		35,880	53,810
Loss and comprehensive loss for the year		**(1,010,182)**	(3,803,522)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	8	**46,760,556**	45,729,318
- diluted #	8	**46,760,556**	45,729,318
Basic loss per share $	8	**(0.02)**	(0.08)
Diluted loss per share $	8	**(0.02)**	(0.08)

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

Scotch Creek Ventures Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31,

	Note	**2023** $	2022 $
Operating activities			
Loss for the year		(1,010,182)	(3,803,522)
Adjustments for:			
Share-based payments		158,073	586,344
Net change in non-cash working capital items	12	62,411	364,410
		(789,698)	(2,852,768)
Financing activities			
Issue of common shares for cash		100,000	470,190
		100,000	470,190
Investing activities			
Reclamation bonds		-	(48,827)
Exploration and evaluation expenditures		(937,098)	(1,943,527)
		(937,098)	(1,992,354)
Change in cash		**(1,626,796)**	(4,374,932)
Cash, beginning of year		**1,845,510**	6,220,442
Cash, end of year		**218,714**	1,845,510
Supplemental cash flow information	12		

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

1. Nature of operations and going concern

Scotch Creek Ventures Inc. (the "Company") was incorporated on January 9, 2017 under the laws of the Province of British Columbia, Canada. The Company's head office and records office is located at 1140 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in the United States. These consolidated financial statements (the "financial statements") of the Company as at December 31, 2023 and December 31, 2022 and for the years then ended comprise the Company and its subsidiaries (note 5). The Company's common shares trade on the Canadian Securities Exchange ("CSE").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

These financial statements are 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 business. There are conditions and events which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. These factors challenge the Company's ability to continue as a going concern for a year from the date these financial statements were approved.

As at December 31, 2023, the Company had not achieved profitable operations, has a working capital surplus of $171,353 (December 31, 2022 – $1,238,371) but has a history of losses and has an accumulated deficit of $6,860,684 (December 31, 2022 - $6,106,260). There is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. These adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

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

Further, these financial statements have been prepared on an historical cost basis, except for financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

(b) Principles of consolidation

These financial statements include the balances and results of the Company and those entities over which the Company exercises control. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain the benefits from its operations.

These financial statements include the assets, liabilities, income and expenses of the Company and its wholly-owned subsidiaries (note 5). All intercompany transactions and balances have been eliminated on consolidation.

2. Basis of preparation (continued)

(c) Use of estimates and judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) The determination of the fair value of stock options or compensatory warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Judgments

(i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty, and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for indicators of impairment (see note 3(a)). Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(iii) The financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future (note 1). The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due, involves judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary if the carrying value of the assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used.

(d) New accounting standards

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023.

i. Classification of liabilities as current or non-current (amendment to IAS 1);
ii. Disclosure of accounting policy amendments (amendment to IAS 1);
iii. Property, plant, and equipment – proceeds before intended use (amendment to IAS 16); and
iv. Annual improvement to IFRS standards – 2018 to 2020.

With the exception of changing the Company's accounting policies from "significant" to "material", the Company has reviewed all other updates and determined that many of these updates are not applicable to or consequential to the Company and have been excluded from discussion within these material accounting policies.

3. Material accounting policy information

The material accounting policies used in the preparation of these financial statements are as follows:

(a) Exploration and evaluation assets

Exploration and evaluation assets (mineral properties) are carried at cost. The Company is an early stage exploration company with no known mineral reserves or production.

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore has been acquired, costs directly related to mineral properties are capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs, and payments made to contractors. Costs not directly attributable to mineral properties, including general administration and overhead costs, are expensed in the period in which they occur.

The Company may enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the transferee to meet certain mineral properties expenditures which would have otherwise been undertaken by the Company. The Company will not record any expenditure made by the farmee on its behalf. Any cash consideration received from the agreement will be credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess or shortfall of cash accounted for as a gain or loss.

Expenditures for each mineral property are carried forward as an asset provided that one of the following conditions is met:

(i) Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or

(ii) Activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, however active and significant operations in relation to the mineral property are continuing or planned for the future.

Exploration and evaluation assets are assessed for impairment when the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The Company’s criterion for testing impairment includes, but is not limited to, when:

(i) Exploration rights for a specific area expired or are expected to expire in the near future and these rights are not expected to be renewed;

(ii) Substantive expenditures on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;

(iii) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and / or

(iv) Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mining assets”. Mineral property expenditures accumulated are also tested for impairment before the costs are transferred to development properties.

3. Material accounting policy information (continued)

(b) Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

(c) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(d) Income taxes

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. **Material accounting policy information** (continued)

(e) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

(i) The Company has a present obligation (legal or constructive) as a result of a past event;

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any rehabilitation obligations.

(f) Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (loss) or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

(i) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

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

(ii) Fair value through other comprehensive income (loss) - financial assets are classified and measured at fair value through other comprehensive income (loss) if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(iii) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets are comprised of cash, and reclamation bonds. Other receivables are classified as a financial asset at amortized cost. Cash and the reclamation bonds are measured at fair value.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(g) Share-based payments

The Company grants stock options to buy common shares of the Company to Directors, Officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. 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 identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Share-based payments are recorded as an operating expense and as reserves. When options are exercised, the consideration received is recorded as share capital and the related share-based payments originally recorded as reserves are transferred to share capital. When an option is cancelled, or expires, the initial recorded value is reversed from reserves and credited to deficit.

(h) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement.

Warrants that are part of units are assigned value using the residual value method and included in share capital with the common shares that were concurrently issued. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

(i) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2024. The Company has reviewed these updates and determined that none of these updates are applicable or consequential to the Company and have been excluded from discussion within these material accounting policies.

(Expressed in Canadian Dollars)

4. Receivables

Receivables consist of the following:

	December 31, 2023	December 31, 2022
	$	$
Sales tax recoverable	2,642	90,708
	2,642	90,708

5. Subsidiary information

On January 10, 2019, the Company incorporated a wholly-owned subsidiary company, Scotch Creek Ventures (NV) Inc. in the Nevada, USA, to facilitate the exploration of its mining claims (note 6).

On August 5, 2021, the Company incorporated a wholly-owned subsidiary, Whiskey Glen Ventures Inc., under the laws of the Province of British Columbia, Canada.

From incorporation to December 31, 2023, the subsidiaries did not have any transactions other than to issue nominal share capital to the Company. The head office and records office of the subsidiaries is the same as the Company.

6. Exploration and evaluation assets

The Company's mineral property interests consist of exploration stage properties located in Nevada, USA.

	Clayton Valley Claims	**Cupz Claims**	**Miranda Claims**	**Total**
	$	**$**	**$**	**$**
January 1, 2022	3,312,758	270,995	-	3,583,753
Acquisitions/staking/assessments	220,884	9,013	2,772,464	3,002,361
Exploration and evaluation	1,716,517	20,909	277,689	2,015,115
December 31, 2022	5,250,159	300,917	3,050,153	8,601,229
January 1, 2023	5,250,159	300,917	3,050,153	8,601,229
Acquisitions/staking/assessments	143,979	9,635	65,258	218,872
Exploration and evaluation	75,157	-	20,880	96,037
December 31, 2023	**5,469,295**	**310,552**	**3,136,291**	**8,916,138**

(Expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

Year ended December 31, 2022	Clayton Valley Claims $	Cupz Claims $	Miranda Claims $	Total $
Assays	15,950	-	-	15,950
Drilling	1,098,117	-	-	1,098,117
Geophysics, seismic, other	442,340	-	277,261	719,601
Gravity, other	28,578	-	-	28,578
Reports and mapping	131,532	20,909	428	152,869
Total	1,716,517	20,909	277,689	2,015,115

Year ended December 31, 2023	**Clayton Valley Claims $**	**Cupz Claims $**	**Miranda Claims $**	**Total $**
Assays	3,014	-	-	3,014
Drilling	35,287	-	-	35,287
Geophysics, seismic, other	3,962	-	-	3,962
Gravity, other	27,373	-	-	27,373
Reports, mapping, field	5,521	-	20,880	26,401
Total	**75,157**	**-**	**20,880**	**96,037**

Clayton Valley Claims

On June 9, 2021 the Company acquired two lithium properties, the Highlands West and Macallan East, which are located in the Clayton Valley district of Nevada.

During the year ended December 31, 2021, the Company issued 3,500,000 common shares at a fair value of $2,730,000 for 100% ownership of these claims and paid various BLM fees, County filing fees, and staking costs.

The Highlands West project consists of a series of placer claims.

The Macallan East property consists of a series of mineral claims.

Cupz Claims

On July 12, 2017, the Company entered into a purchase agreement with Curellie LLC ("Curellie") of Elko, Nevada to acquire a 100% undivided interest in the Cupz unpatented lode claims located in Esmeralda County, Nevada.

The terms of the agreement are an outright purchase of the property for $17,000 (paid) with a 3.0% net smelter return ("NSR") royalty to Curellie. At any time, the Company may reduce the NSR to 2% by paying $500,000 to Curellie or to 1% by paying $1,000,000.

Miranda Claims

On February 1, 2022, the Company entered into a purchase agreement with Miranda Holding Ltd. ("Miranda") of Henderson, Nevada to acquire a 100% undivided interest in the Miranda unpatented lode claims located in Esmeralda County, Nevada.

The terms of the agreement are an outright purchase of the property for consideration of 3,100,000 common shares of the Company (issued during the year ended December 31, 2022, at a fair value of $2,480,000) and the payment of USD $120,000 (paid).

Reclamation bonds

During the year ended December 31, 2022, the Company made cash deposits of $48,827 with the Bureau of Land Management to ensure that specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposit.

7. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value, and unlimited preferred shares without par value. No preferred shares have been issued from incorporation to December 31, 2023. All issued shares are fully paid.

Transactions for the issue of share capital during the year ended December 31, 2023:

a) The Company issued 1,250,000 common shares pursuant to the exercise of stock options for gross proceeds of $100,000. In connection with the exercise, the Company reversed the original fair value of $8,750 from reserves and credited the amount to share capital. The share price at the time of exercise was $0.15.

Transactions for the issue of share capital during the year ended December 31, 2022:

a) The Company issued 150,000 common shares pursuant to the exercise of stock options for gross proceeds of $12,000. In connection with the exercise, the Company reversed the original fair value of $1,050 from reserves and credited the amount to share capital. The share price at the time of exercise was $0.80.

b) The Company issued 916,379 common shares pursuant to the exercise of warrants for gross proceeds of $458,190. In connection with the exercise of certain finders' warrants, the Company reversed the original fair value of $21,608 from reserves and credited the amount to share capital.

c) On February 6, 2022, the Company issued 3,100,000 common shares with a fair value of $2,480,000 ($0.80 per share) in connection with the acquisition of the Miranda Claims (note 6).

Stock options

In 2018, the Company adopted a Stock Option Plan (the "Plan") providing for the grant to the Company's Officers, Directors, employees, permitted consultants, and management company employees, of options to purchase common shares of the Company. Under the Plan, the Company may grant options to purchase up to 10% of the issued and outstanding shares of the Company.

Stock options granted during the year ended December 31, 2023:

On January 11, 2023, the Company granted 800,000 stock options to Directors and consultants. The stock options are exercisable at a price of $0.20 per share for a period that is three years from the date of grant, expiring January 11, 2026, and vested immediately.

On February 6, 2023, the Company granted 200,000 stock options to a consultant. The stock options are exercisable at a price of $0.30 per share for a period that is three years from the date of grant, expiring February 6, 2026, and vested immediately.

The Company had recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment expense was calculated using the following weighted average assumptions: expected life of options – 3.00 years, expected stock price volatility – 120%, no dividend yield, and a risk-free interest rate yield – 3.93%. Using these assumptions, the weighted average fair value of options granted during the year ended December 31, 2023 was $0.16 per option, for a total of $158,073.

Stock options granted during the year ended December 31, 2022:

On January 26, 2022, the Company granted 1,000,000 stock options to Directors, Officers, and consultants. The stock options are exercisable at $0.69 per share for a period of three years from the date of grant, expiring January 26, 2025, and vested immediately.

On October 12, 2022, the Company granted 300,000 stock options to a Director and consultants. The stock options are exercisable at $0.23 per share for a period of two years from the date of grant, expiring October 12, 2024, and vested immediately.

On November 3, 2022, the Company granted 440,000 stock options to a consultant. The stock options were exercisable at $0.275 per share for a period of one year from the date of grant, and expired on November 3, 2023, and vested immediately.

(Expressed in Canadian Dollars)

7. **Share capital** (continued)

Stock options (continued)

The Company had recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment expense was calculated using the following weighted average assumptions: expected life of options – 2.32 years, expected stock price volatility – 120%, no dividend yield, and a risk-free interest rate yield – 2.41%. Using these assumptions, the weighted average fair value of options granted during the year ended December 31, 2022 was $0.34 per option, for a total of $586,344.

A summary of the status of the Company's stock options as at December 31, 2023, and December 31, 2022 and changes during the years then ended is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	#	$	#	$
Options outstanding, beginning of year	3,650,000	0.33	2,710,000	0.30
Granted	1,000,000	0.22	1,740,000	0.51
Exercised	(1,250,000)	0.08	(150,000)	0.08
Expired	(1,100,000)	0.41	-	-
Cancelled	-	-	(650,000)	0.75
Options outstanding, end of year	**2,300,000**	**0.38**	3,650,000	0.33

As at December 31, 2023, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Expiry date
450,000	450,000	0.45	March 2, 2024
300,000	300,000	0.23	October 12, 2024
550,000	550,000	0.69	January 26, 2025
800,000	800,000	0.20	January 11, 2026
200,000	200,000	0.30	February 6, 2026
2,300,000	**2,300,000**		

The following table summarizes information about the stock options outstanding as at December 31, 2023:

Exercise price $	Options #	Weighted average remaining life (years)	Weighted average exercise price $
0.20 - 0.45	1,750,000	1.35	0.28
0.69	550,000	1.07	0.69
	2,300,000	**1.28**	**0.38**

The total share-based payment expense for the year ended December 31, 2023 was $158,073 (2022 - $586,344) which is presented as an operating expense.

During the year ended December 31, 2023, 660,000 stock options exercisable at $0.50 and 440,000 stock options exercisable at $0.275 expired unexercised. As a result, the Company reversed the original fair value of $255,758 from reserves and credited the amount to deficit.

During the year ended December 31, 2022, the Company cancelled 200,000 stock options exercisable at $0.89 with an expiration date of July 12, 2024, and 450,000 stock options exercisable at $0.69 with an expiration date of January 26, 2025. As a result, the Company reversed the original fair value of $344,639 from reserves and credited the amount to deficit.

(Expressed in Canadian Dollars)

7. Share capital (continued)

Warrants

As an incentive to complete private placements the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. In addition, finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at December 31, 2023, and December 31, 2022 and changes during the years then ended is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
	#	$	#	$
Warrants outstanding, beginning of year	18,413,363	0.68	20,242,897	0.66
Exercised	-	-	(916,379)	0.50
Expired	(18,413,363)	0.68	(913,155)	0.50
Warrants outstanding, end of year	**-**	-	18,413,363	0.68

During the year ended December 31, 2023, 5,353,263 warrants exercisable at $0.50 and 13,060,100 warrants exercisable at $0.75 expired unexercised.

During the year ended December 31, 2022, 913,155 finders' warrants expired unexercised. In connection with the expiration, the Company reversed the original fair value of $371,505 from reserves and credited the amount to share capital.

Reserves

Reserves include the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements completed. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised, expired, or cancelled.

8. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2023 was based on the loss of $1,010,182 (2022 – $3,803,522) and a weighted average number of common shares outstanding of 46,760,556 (2022 – 45,729,318).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

9. Related party payables and transactions

The Company defines key management as Executive Officers and Directors. A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the years ended December 31, 2023, or December 31, 2022.

(Expressed in Canadian Dollars)

9. **Related party payables and transactions** (continued)

During the year ended December 31, 2023, the Company paid or accrued:

- $36,000 (2022 - $35,000) in Directors' fees to two independent Directors;
- $204,000 (2022 - $204,000) in management fees to companies controlled by two Officers and Directors;
- $31,200 (2022 - $31,100) in rent to a company controlled by two Directors;
- $14,765 (2022 - $138,865) in exploration-related expenditures to a company controlled by a Director; and
- $60,000 (2022 - $60,000) in administrative costs (included in office and administrative expenses) to a company controlled by the spouse of an Officer and Director.

As at December 31, 2023, $13,421 (December 31, 2022 - $48,917) is owing to Directors, Officers and/or companies controlled by Directors and/or Officers and included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, 450,000 stock options were granted to key management personnel, having a fair value on issue of $64,652. During the year ended December 31, 2022, 600,000 stock options were granted to key management personnel, having a fair value on issue of $258,069.

10. **Deferred income taxes**

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31, 2023	December 31, 2022
	$	$
Loss for the year before income taxes	(1,010,182)	(3,803,522)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	(273,000)	(1,027,000)
Change in tax resulting from:		
Unrecognized items for tax purposes	43,000	158,000
Tax benefits unrecognized	230,000	869,000
Income tax recovery	**-**	**-**

The significant components of the Company's unrecognized deferred income tax assets are as follows:

	December 31, 2023	December 31, 2022
	$	$
Non-capital loss carry forwards	1,788,000	1,535,000
Share issue costs	44,000	67,000
Tax benefits unrecognized	(1,832,000)	(1,602,000)
Net deferred tax assets	**-**	-

As at December 31, 2023, the Company has unused non-capital losses of approximately $6,621,000 (December 31, 2022 – $5,686,000) of which $107,000 expire in 2037, $145,000 expire in 2038, $192,000 expire in 2039, $227,000 expire in 2040, $1,689,000 expire in 2041, $3,326,000 expire in 2042, and $935,000 expire in 2043.

As at December 31, 2023, the Company has unclaimed resource deductions in the amount of approximately $8,916,000 (December 31, 2022 – $8,601,000), which may be deductible against future taxable income.

As at December 31, 2023, there are share issue costs totaling approximately $164,000 (December 31, 2022 – $246,000), which have not been claimed for tax purposes.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

(Expressed in Canadian Dollars)

11. Segmented information

The Company's operations are limited to a single industry, being the acquisition, exploration and evaluation of mineral resource projects. Geographic segment information of the Company's total assets as at December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023 $	December 31, 2022 $
Canada	237,079	1,947,048
USA	8,964,965	8,650,056
	9,202,044	10,597,104

All of the Company's non-current assets are located in the United States.

12. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended December 31, 2023 and December 31, 2022 were comprised of the following:

	December 31, 2023 $	December 31, 2022 $
Receivables	88,066	(19,062)
Prepaid expenses	(4,893)	397,526
Accounts payable and accrued liabilities	(20,762)	(14,054)
Net change	**62,411**	364,410

The Company incurred non-cash financing activities during the years ended December 31, 2023 and December 31, 2022 as follows:

	December 31, 2023 $	December 31, 2022 $
Non-cash financing activities:		
Share capital issued for exploration and evaluation assets	-	2,480,000
	-	2,480,000

The Company incurred non-cash investing activities during the years ended December 31, 2023 and December 31, 2022 as follows:

	December 31, 2023 $	December 31, 2022 $
Non-cash investing activities:		
Acquisition of exploration and evaluation assets by issue of share capital	-	(2,480,000)
Deferred exploration costs remaining in accounts payable and accrued liabilities	-	622,189
	-	(1,857,811)

During the year ended December 31, 2023, $nil was paid in interest (2022 - $nil) and $nil was paid for income tax expenses (2022 - $nil).

(Expressed in Canadian Dollars)

13. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or other equity instruments. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at December 31, 2023 is comprised of shareholders' equity of $9,136,318 (December 31, 2022 - $9,888,427). There were no changes to the Company's approach to capital management during the year ended December 31, 2023.

The Company currently has no source of revenue. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional funds from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, reclamation bonds, and accounts payable and accrued liabilities.

The carrying value of accounts payable and accrued liabilities approximates its fair value because of the short-term nature of this instrument.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

	Level 1 $	Level 2 $	Level 3 $	Total $
December 31, 2023				
Cash	218,714	-	-	218,714
Reclamation bonds	48,827	-	-	48,827
	267,541	**-**	**-**	**267,541**
December 31, 2022				
Cash	1,845,510	-	-	1,845,510
Reclamation bonds	48,827	-	-	48,827
	1,894,337	-	-	1,894,337

13. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivables exposure as its refundable credits are due from the Canadian Government.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. For the years ended December 31, 2023, and December 31, 2022, every 1% fluctuation in interest rates up or down would have an insignificant impact on loss for the year.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(d) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Management does not believe the Company has a significant level of exposure to currency risk.

14. Event after the reporting period

On March 2, 2024. 450,000 stock options exercisable at $0.45 expired unexercised.